





Cornell University
Library

The original of this book is in
the Cornell University Library.

There are no known copyright restrictions in
the United States on the use of the text.

Cornell University Library
arV13344

Regulation.



3 1924 031 246 261
olin,anx

REGULATION

BY
W. G. BARNARD



REGULATION PUBLISHING CO.
SEATTLE, U. S. A.

1913

COPYRIGHT, 1913
By W. G. BARNARD
Copyright, 1913, in Great Britain

Written in the early part of the year 1912;
MS. revised in the fall of the same year.

PRESS OF
THE VAIL-BALLOU CO.
BINGHAMTON, N. Y.

CONTENTS

CHAPTER	PAGE
I INTRODUCTION	1
II THE FOUR FACTORS IN PRICE	6
III THE DOCTRINE OF FREE LAND	11
IV SUBSTITUTION	14
V HISTORY OF WAGE REGULATION IN AUSTRALIA, NEW ZEALAND, AND ENGLAND	16
VI RECENT COMMENT UPON THE REGULATION OF PRICES	29
VII THE QUANTITY THEORY OF MONEY	34
VIII THE MULTIPLE UNIT AND STEADY PRICES	37
IX REGULATION	44
X THE LABOE PROBLEM	73
XI THE PROBLEM OF UNEMPLOYMENT	78
XII THE PROBLEM OF THE TRUSTS	86
XIII THE LAND PROBLEM	94
XIV THE PROBLEM OF VAST PRIVATE FORTUNES	102
XV THE PROBLEM OF THE HIGH COST OF LIVING	104
XVI THE MONEY PROBLEM	106
XVII THE TARIFF PROBLEM	111
XVIII OTHER REMEDIES CONSIDERED	121

CHAPTER I

INTRODUCTION

There are eight politico-economic problems before the people to-day. They are: (1) labor, (2) unemployment, (3) trusts, (4) land monopoly, (5) vast private fortunes, (6) high cost of living, (7) money, (8) tariff.

None of these problems are new; some are very old indeed, having existed in one form or another since the days of the earliest form of social organization. The labor problem had its birth when, in some prehistoric time, a man first agreed to labor for another for hire. The wonderful changes that have occurred during the past century have aggravated conditions, making old problems more serious and developing new ones, and presenting old problems in new and more threatening forms.

And because these problems are old and have resisted all efforts to remedy, many are inclined to regard them as natural conditions, "according to the very nature of things," incurable.

Because many remedies have been offered the people and considered by them, yet no important improvement in these conditions has occurred, many are inclined to regard as useless any effort that is made to-day to find a solution for these problems.

No greater achievement should be looked for in the political world before we enter upon an era of political progress than occurred in the mechanical world before the beginning of the era of mechanical development.

The great achievements in the progress of the world have not been accomplished by the slow process of un-

aided individual effort, but by the concerted efforts of the greatest men of the time, the efforts of each individual being stimulated by and receiving impetus from the efforts of all the others laboring at the same time in the same field. It is this unity of interest and purpose of the greatest minds of the time that creates what is termed an era in the progress of the world.

The most important remedies that have been offered the people and considered by them in their effort to find a cure for the politico-economic conditions or problems that I have enumerated are: (1) tariff reform, (2) money reform, (3) anti-trust legislation, (4) special taxes (income tax, inheritance tax, corporation tax, etc.), (5) single tax, (6) socialism.

Which one of these remedies, or what combination of these remedies, can be said to be an adequate remedy, definite and complete in detail, suited to the times and to the temper of the people; a remedy that is not only adequate but one that the people would be willing and ready to accept if they were brought to understand?

I have no patience for the man that, having offered the people his favorite remedy, condemns them for being blind and actuated by self-interest in political matters because they refuse to accept his remedy or possibly to listen to him at all. The fault is more likely in the remedy than in the people. I believe a remedy will be found and applied that will cure every one of the conditions or problems that I have enumerated. Such a remedy must possess two essential qualities, adequacy and acceptability; it must be adequate and it must be acceptable to the people. Men are inclined to look upon the failure of a political movement that they regard as being in the interest of the people, as an indication of a selfish unwillingness on the part of the people to sacrifice their individual interest for

the public welfare. I am inclined to regard every such failure as an indication of a fault in the remedy proposed.

It was a comparatively small incident, the invention of the steam engine and the development of steam power, that gave the world a new era, the most wonderful in its history, the era of mechanical development.

The world may give birth to a new era before the old has passed away. I believe we are standing on the threshold of a new era, a greater era, a more wonderful era than the mechanical era whose achievements it has been our privilege to observe. This era will be one of political progress. It will be ushered in by the discovery of a remedy for the politico-economic conditions or problems of the time, a remedy that is scientific, adequate, complete in detail, suited to the times and to the temper of the people, and acceptable to them.

The world to-day stands in need of the discovery of such a remedy and of the political, economic, and social developments that would follow, to a greater extent than it stood in need of the steam and electric train, the steamship, the cotton gin, the harvester, the sewing machine, the telephone and telegraph, the Hoe press, the typesetting machine, the automobile, and wireless telegraphy at the beginning of the mechanical era. Yet the inducement held out to men of unusual ability by the need of the people for mechanical conveniences and labor-saving machinery caused the greatest minds of that time to be concentrated upon the development of mechanical science as soon as the development of mechanical power had opened the way. The greater need of the people for a solution of the politico-economic problems of the day will cause the greatest minds of the present time to concentrate upon politico-economic problems just as soon as a discovery is made that will open the way, giving assurance to those

who cannot read such message in the dimmer writings that serve to guide us now in the study of these problems, that a remedy for these conditions exists in the world just as electricity existed through all the ages before man harnessed the clouds; that it remains for men but to discover and apply it. The people are conscious of their need of such a remedy; they are anxious for it. And when it has been found and the people have come to know it, it will not be necessary to force them to accept it; there is no power in the world that could prevent them or delay them in accepting and applying it.

I have no patience for the man that talks of a class struggle. *There can be no class struggle unless it be to promote class legislation; and when a scientific remedy is found, it will not be of the nature of class legislation.*

More than ninety-eight per cent of the people of the country desire a scientific solution of present problems and would be benefited by the application of such a remedy. Could there be a continued struggle between ninety-eight per cent of the people, constituting one party, and two per cent of the people, constituting another? A remedy that meets with the approval of only a small part of the people is very likely to be unscientific.

Political thought may be divided into three classes, skepticism, idealism, and optimism.

The skeptic judges the future by the failures of the past; the optimist, by its achievements. The idealist fails to find a remedy suited to the present and devotes himself to the consideration of remedies that he regards as suited to some future generation.

The optimist looks into the future and reads a prophecy; the skeptic looks only at the past and the present. The optimist believes that greater things can and will be done

in the future than have been done in the past. The skeptic can only read the future by the past, and regards as impossible anything that the past has attempted and failed to do.

The optimist believes these problems have never been solved because the right remedy has never been found and scientifically applied. The skeptic believes these problems can never be solved because they never have been solved.

The optimist believes there exists in the world a natural remedy for every one of our economic problems, just as electricity existed through all the ages before man discovered it; that the people need only to discover or recognize this remedy and apply it; that when they have discovered it they will find it suited to the conditions of the time, not dependent upon ideal social conditions or an ideal citizenship,—a present-day remedy for present-day problems. It is to the optimist that the world must look for all progress.

The purpose of this book is, first, to create in the mind of the reader a greater optimism, a belief in the existence of such a remedy, and, second, to take him in a search for it.

CHAPTER II

THE FOUR FACTORS IN PRICE

There are four factors in the division of production: (1) land rent and raw material, (2) labor or wages, (3) interest, (4) profits. There are four corresponding classes between which the production of the country is divided: those who receive the part of production that represents land rent and raw material, those who receive the part that represents labor or wages, those who receive the part that represents interest, and those who receive the part that represents profits.¹

¹ The reader must distinguish between the terms *land rent*, *raw material*, *wages*, *interest*, and *profits* as used by economic writers generally and as used in the commercial world. The above statement is true whether the terms are used in the one sense or in the other.

Many writers include raw material in the term *land* or *land rent*, while they exclude from this factor those elements that are in a strict sense either wages or interest. The man in business does not ordinarily make this distinction. If he buys a tract of land and later sells it, he does not say, I have received so much for the land, so much for my time spent in examining and purchasing the land and negotiating the sale of it, so much as interest on my capital invested.

The term *wages*, as used by many writers, includes wages of management, that is, compensation for the services of those who engage in business. In this the practice of the commercial world is divided.

The term *interest*, as used by many writers, includes any element in what is commercially termed either land rent, raw material, or profits that is, strictly speaking, interest; while they exclude from what is commercially termed interest those

Every commodity is composed of four elements: land rent and raw material, labor or wages, interest, and profits.

If we could accurately determine the relative importance of these elements in the price of a given commodity, then the price paid for such commodity could be divided into four definite parts, representing the cost to the purchaser of each of the four elements in the commodity.

The total amount of money paid out by the people during a given time is paid out by them for commodities, rents, wages, and services that are composed of these elements, and if we could accurately determine the

elements that, strictly speaking, are insurance or compensation for risk (this element is observed in the high rate required where the security is poor) and wages (which element is observed in the higher rates required where the loaner is compelled to devote time and labor to examining or caring for the security).

The term *profits*, as used by many writers, excludes interest and wages of management. Profits, as thus defined, is composed of two elements: first, insurance or compensation for risk, and, second, pure profit. This latter element is the incentive that impels men to engage in speculative business enterprises. If, in the aggregate, this element of pure profit does not exist, men will retire from business and put both their labor and their capital upon the market, and wages and interest rates will fall until there is again a margin of pure profit to induce men to engage in business rather than to loan their capital and work for wages. In the use of the term profits the practice of the commercial world is divided. It is used by some in its economic sense, by others to include wages of management, or interest, or both. If I were to buy a stock of merchandise, store it for a year, then sell it in a lump sale, I would, probably, deduct interest upon the capital invested in the stock, but no wages, before computing my profit; if, however, I were to engage in the retail business and thus dispose of the stock, I would, probably, deduct a reasonable compensation for my time and labor, but not interest upon the capital represented, before computing my profit.

The logic of an argument cannot be affected by the terms em-

relative importance of these four elements in the total of the things paid for by the people, we could then divide the dollar into four parts and observe the proportionate size of these parts; we could observe the ratio between the part of the dollar that represents land rent and raw material, the part that represents labor or wages, the part that represents interest, and the part that represents profits.

Our study will be largely a study of these factors, and more particularly of their ratio. We shall find that a healthy condition of our social and industrial life depends upon the maintenance of a natural ratio between these four factors, just as the health of the human body depends upon the ratio of the component elements in the blood.

While nature has made a wise provision by which the blood is fed the different elements in the proportion in which they are needed, in the economic world the propor-

ployed, as long as their meaning is clear and well understood. I shall use the terms land rent, raw material, wages, interest, and profits in their commercial sense.

In this chapter, in which the discussion is purely theoretical, the term *raw material* means material in its natural state—upon which no labor has been performed. In Chapter IX and following chapters, which contain a discussion of a practical application of economic theories and principles, the term is used in a less restricted, less definite, *i. e.* in a commercial, sense and includes all products that are of such nature that it would not be practical in commerce, in fixing a price upon them, to resolve them into their four component elements.

I define *wealth* as “all and only such objects as both have utility (*i. e.*, fitness to gratify human desire) and can be appropriated in exclusive possession, and, therefore, exchanged.” I include land.

Production is that part of the wealth of a country or other political or economic division that is being created or produced at the present time, as distinguished from wealth that has been produced in the past.

tion of these four vital elements—their relative size or importance, their ratio, the ratio of the four factors in the division of production, of the four factors in price, of the four parts of the dollar—is not determined by natural needs or requirements, but by influences and conditions that have no regard for the natural ratio. We shall learn that the conditions or problems that we shall study are due to the fact that these vital elements do not enter into the lifeblood of commerce in their natural ratio.

It is possible for one remedy to cure all economic conditions or problems that are caused by an unnatural ratio between these four factors, provided it will cure this condition, that is, provided it will afford a means by which the ratio between these four factors can be regulated and a natural ratio between them maintained. Regulation is the only remedy that has ever been offered that would solve the politico-economic problems by regulating in a natural and scientific way the ratio or proportion of these four factors in price or in the division of production.

Let us make a brief and simple analysis of a common commodity, in order to observe the presence of these four elements and the form in which we find them. Let us take for our study a plain oak chair.

An oak tree, standing in the forest, is felled; the log is drawn to a mill and sawed into lumber; the lumber is shipped to a furniture factory and made into chairs; the chairs are shipped to a merchant, who puts them in his stock; a clerk sells you the chair; and it is delivered to your home.

Let us look first for the element of land rent and raw material. In the tree standing in the forest we find an example of raw material. It is the gift of God to man; like the coal in the ground, man has had no part in its creation or development. The sawmill, the railroad, the

factory, and the store occupy land and are constructed of raw material.

It required labor to fell the tree, to saw the log, to ship the lumber to the factory, to work the wood and make the chair, to ship it to the store, to put it in the showroom, to sell the chair, and to deliver it to your home; it required labor, also, to construct the sawmill and the machinery it contains, to build the railroad and to produce the materials of which it is constructed, to build the furniture factory and to construct the machinery it contains, and to build the store and the dray in which the chair was delivered to your home.

Capital is invested in the timber, in the logger's machinery and roadways, in the sawmill, the railroad, the factory, the store, and the dray. It matters not whether the capital belongs to individuals engaged in business, or is represented by stock or bonds, or is borrowed upon mortgage. Those who own this capital, whether entrepreneur, stockholder, bondholder, or mortgagee, are entitled to and receive interest upon their capital.

The one that owned the land on which the forest stood made a profit when he sold the tree to the logger; the logger made a profit upon his operation of felling the tree and delivering it to the mill; the owner of the mill made a profit upon the operation of sawing the log into lumber and loading the lumber upon a car; the owners of the railroad, the owners of the factory, the retail merchant, each made a profit; those who made the saw with which the tree was felled made a profit, as did those who built the mill, those who constructed the machinery of the mill, those who built the railroad, those who produced the material of which the railroad was constructed, those who built the furniture factory and the machinery it contains, those who built the store, and those who built the dray.

CHAPTER III

THE DOCTRINE OF FREE LAND¹

(1) God has given the land to the people of each generation in the same right in which he has given it to the people of every other generation.²

(2) The people of the first generation came upon the earth possessed of an equal right to the free use and enjoyment of the land.

(3) The people of each succeeding generation have come upon the earth possessed of the same natural right as the people of the first generation.

(4) The people of each generation have the right to make laws governing themselves. The right to govern is derived from the consent of the majority of those governed. The majority have the right to make laws governing all the people of their generation.

(5) The people have no right to make laws restricting the rights and liberties of the people of future generations.

(6) The rights and liberties of the people of the present generation cannot be denied them because of the laws, acts, or customs of the generations past.

The people of the present generation came upon the earth possessed of an equal natural right to the free use

¹ It is important that the reader be familiar with the principles upon which the Doctrine of Free Land is based before reading Chapters IV and IX. The paragraphs of which this chapter is composed are taken from Chapter XIII, "The Land Problem," and appear in that chapter also.

² The term *land* includes all forms of natural wealth, all natural resources (forest trees, water and water power, coal and minerals within the earth, etc.); it does not include improvements in or on the land (buildings, land clearing, etc.).

and enjoyment of the land, and this right cannot be denied them because of the laws, acts, or customs of the generations past, to which they have not and could not have given their consent. This is the Doctrine of Free Land, and it is founded upon the six principles that I have set forth above.

When God created man, he created the land, and he created in man the necessity for the things that can be secured only from the land. These are the necessities of all the people, not only of the rich but of the poorest as well. To put a price upon the land and exclude those who cannot pay is contrary to nature's plan, against the law of nature, and against man's natural right.

The poorest child has an equal right with the most fortunate to the land, and any condition precedent to the enjoyment of its natural right that the poorest child cannot comply with is wrong.

In every community where population is increasing and the people are industrious, there is a constant increase in the value of the land that is due, not to the efforts of those individuals that own and monopolize the land, but to the growth and development of the community. This value in the land is termed the "unearned increment." It is created by society, and to society (the people collectively) it belongs.

All value in land is created by society. The individual owner cannot enhance the value of his land except as he, as a member of society, contributes to the growth and development of the community. He may clear the land and fence it, he may plow and enrich the soil, he may plant trees in the ground and build houses upon it; but he cannot enhance the value of the land except as he, as an individual member of society, by his industry contributes to the growth and development of the community. He adds to the value that society has given to the land the value

that he has given to the improvements upon the land, and thus makes the real estate (land and improvements) more valuable.

All value in land belongs to society, which created it.

CHAPTER IV.

SUBSTITUTION

Our present system of private monopoly of the land is obviously wrong. It works an injustice upon those who are shut out from a participation in the use and enjoyment of the land, and upon all those from whom a tribute is exacted by those who monopolize it.

If we were to confiscate the rights of those who are now the owners of the land, an injustice would likewise be done. If one man has invested his savings in land, while another has put his savings in a bank, and a third has invested his savings in a stock of merchandise, it would not be just to take the land from the one, while protecting by law the money in the bank and the goods of the merchant.

Substitution, as the term is here used, is the substitution of leases for a term of eighty years for the absolute, perpetual, inheritable estates in which all the land in this country is now held; to every person that now has absolute, perpetual title to land such a lease would be given.

The man that provides for the future does so to provide for himself and for his children. Men do not deprive themselves to provide for unborn children of future generations.

If those who own and control the land to-day are permitted to continue in undisturbed possession for a period of eighty years, then they and their children will have free use of the land. It is true that eighty years hence there will be men and women living that will be sons and daughters of some of those who are now the owners of the

land. The number of such persons will, however, be proportionately very small, and, as they would have had possession of the land during all the active part of their lives, it would appear to be unwise to extend the time of such lease term to more than eighty years for the benefit of the few of the second generation that would then be living, because of the great number that would be withheld from a participation in that which is theirs by natural right.

If those who own the land to-day have not a good natural right; if there are others that have a right to an interest in the land; if those who own and control the land have secured it in order to provide for themselves and for their children, and not for after generations; then, if we can accord a measure of justice to all by substituting a lease right in the land for a term long enough to permit those now owning it and their children to use it, the circumstances would seem to well justify such substitution.

The value of an eighty-year estate in land is to-day about eighty per cent of the value of an absolute, perpetual title. However, the people are influenced so largely in the purchase of land by the incentive to provide for themselves and for their children, and so little by the incentive to provide for their children's children and for after generations, that, if all land were held under such a lease and no absolute, perpetual title to land could be had, the people's desire to own land would be as great as now, and, therefore, at the beginning of such eighty-year lease period its value would be but little affected by the prospect of the termination of the owner's right in the land at a time long after he had passed away.

CHAPTER V

HISTORY OF WAGE REGULATION IN AUSTRALIA, NEW ZEALAND, AND ENGLAND

The continent of Australia is divided into five states: Victoria, New South Wales, Queensland, South Australia, and Western Australia. These, together with the state of Tasmania, an island lying one hundred miles south of the continent, and the dependency of British New Guinea, compose the Commonwealth of Australia. Each state has a democratic form of government, with legislative bodies modeled after those of England. The dependency is ruled directly by the federal government.

New Zealand, consisting of two large and a number of small islands, is situated some twelve hundred miles southeast of the continent. Its government is democratic in form.

There is a close commercial relationship between the people of Australia and New Zealand. The political institutions of both countries are comparatively new; both have been settled and developed by English people; their political and industrial conditions are similar, as are their laws and political institutions.

Australia and New Zealand were the first countries to enact legislation to prevent sweating,¹ to determine and maintain a living wage for all workers, to prevent strikes, to substitute government conciliation and arbitration for strikes and lockouts, and to secure for the workers, through

¹ *Sweating* is defined as the employment of workers under one or more of the following conditions: an unduly low rate of wages; excessive hours of labor; unsanitary houses in which the work is carried on.

peaceable means and without the economic loss attendant upon strikes, the same protection against the encroachments of capital that the strike had previously afforded them.²

In 1890 there occurred a strike among the seamen in Victoria, which spread to other trades and soon extended throughout Australia and New Zealand. Industry and commerce were so paralyzed that the Government found it necessary to break the deadlock and effect a resumption of commerce. The strike proved unsuccessful for the workers, and weakened the organization and strength of their unions.

So severely had the country suffered that the people began immediately to consider measures to prevent similar disasters in the future. At the same time the labor leaders saw the futility of attempting to improve the condition of labor through strikes which, in order to be effective, must paralyze the business of the country and lose for labor the support of a large element of the people whose support is necessary for the success of such an undertaking. The organized labor element soon became an important factor in politics both in Australia and New Zealand, and has supported arbitration and wage-board legislation.

In 1890, the year of the seamen's strike, an industrial conciliation and arbitration act was introduced in South Australia, but the bill was not passed until 1894, "and

² This brief account of the arbitration and wage-board laws of Australia and New Zealand is based upon the writings of Dr. Victor S. Clark, particularly the following: *Labor Conditions in New Zealand*, Bulletin of the Bureau of Labor, No. 49, Nov., 1903; *Labor Conditions in Australia*, Bulletin of the Bureau of Labor, No. 56, Jan., 1905; *The Labor Movement in Australasia* (1906); and upon the following British reports: *Ernest Aves Report* (1908); and a report of the Labor Department of the Board of Trade entitled *Strikes and Lockouts* (1912).

was so amended that when it did become a law it possessed formal defects that made its provisions inoperative." During the four years this bill was under discussion, some form of industrial arbitration legislation was considered by the parliament of every state of the Commonwealth except those of Western Australia and Tasmania.

In 1894 New Zealand passed an industrial conciliation and arbitration act, which went into effect two years later. Victoria passed a wage-board law in 1896. The other states of the Commonwealth subsequently passed laws similar either to the New Zealand arbitration act or to the Victoria wage-board law, and the laws of the Australian states and of New Zealand have since been amended so as to combine the best and most important features of these two laws.

The New Zealand arbitration law, as originally enacted, provided for the division of the Colony into industrial districts; the organization of industrial unions of employers and of workers; the organization of boards of conciliation; and the establishment of a court of arbitration.

The industrial unions were voluntary organizations of employers and of workers, respectively, engaged in the same trade or branch of industry. Such organizations had a corporate existence when the simple requirements of the law with regard to the mode of organization and registration had been complied with. Both employers and workers went before the boards of conciliation and the court of arbitration as responsible bodies, liable to be sued for violations of the awards of the court and empowered to sue their members for dues and assessments. Thus employers and workers entered into industrial agreements with each other as responsible parties.

A board of conciliation was provided for each industrial district. The industrial unions of employers and of

workers nominated and elected an equal number of the members of such boards, and these members elected a disinterested party who acted as chairman. The awards of the boards of conciliation became binding only when ratified by both parties to the dispute or when neither party appealed to the court of arbitration from the findings of the board. Their awards were therefore of the nature of voluntary agreements. All cases had first to be brought before a board of conciliation, except that, by the consent of both parties, the dispute might be brought originally before the court of arbitration. The law was later amended so that either party could carry its case directly to the court. Boards of conciliation were seldom resorted to, and the delays resulting from the amount of business brought before the court modified the effectiveness of the working of the law. In 1908 a new law went into effect which requires all disputes to be heard before conciliation councils before they can be appealed to the court of arbitration. These councils are similar in their organization to the wage boards of the Victoria law, but are appointed for particular disputes and not to consider all disputes arising in a given trade during a specified period.

The court of arbitration consists of three members appointed by the governor of the Colony. One is a judge of the supreme court, one is appointed upon the recommendation of the industrial unions of employers, and one upon the recommendation of the industrial unions of workers. The court has power to determine all matters that may be the subject of controversy between employers and workers, including wages and hours and conditions of employment. Its awards are final, and can be made to apply not only to the parties coming before it but to all others engaged in the same trade or branch of industry. It can amend its award at any time.

Originally the law prohibited strikes only until the award of the court had been made, the court stipulating in the award the penalties for its violation. The law was afterward amended, prohibiting strikes both before and subsequent to the award of the court, and fixing severe penalties for the violation of this provision.

New South Wales passed a voluntary arbitration law in 1892, which proved unsatisfactory. This law expired in 1896 and was not re-enacted. In 1901 this state passed an arbitration law modeled after that of New Zealand, but containing more stringent provisions for the prevention of strikes and with no provision for boards of conciliation.

In 1900 Western Australia passed a compulsory arbitration law similar to that of New Zealand. It was amended two years later, and continues in force.

The federal government of the Commonwealth passed a compulsory arbitration act in 1904. This statute applies to industrial disputes extending beyond the borders of a single state. It is modeled after the New Zealand law, but does not provide for boards of conciliation and the court consists only of a judge of the federal supreme court. The judge may appoint any justice of a state supreme court as his deputy to exercise the functions of the federal court.

The Victoria wage-board law was enacted for the purpose of preventing sweating. The scope of the wage board is far more limited than that of an arbitration court, the boards having power to fix only a minimum wage, the length of the working day, overtime rates, and the number of unindentured apprentices employed. Strikes are not prohibited, but the boards have performed valuable services in the settlement of disputes by bringing employers and employees together and to a better understanding of the questions involved. A special board is established for each trade.

The original Victoria act creating these boards was passed in 1896, the year the New Zealand arbitration law went into actual operation. The original act was superseded by a second law, passed in 1900, which extended the minimum-wage board provisions. This law expired by limitation in 1903, and was superseded by the amended act now [1905] in force.

Minimum-wage boards are composed of not less than four nor more than ten members, representing equally the employers and employees in the trade under their jurisdiction, together with a chairman elected by the other members, but who is not one of the original members of the board. A separate board is formed for each trade. The members were formerly elected by the employers and employees, respectively, represented, but by the 1903 act they are made appointive, the governor remitting the choice of members to the parties represented only in case one fifth of the latter object in writing to his nominees.

The 1903 act establishes a court of industrial appeals, consisting of a supreme court judge appointed by the governor in council, with two assessors appointed by the court from nominees of employers and employees, respectively. Provision is made for a registrar, also appointed by the governor. The court has power to amend the whole or any part of a board's decision upon appeal by a majority of the representatives of either party on the board in question, or of 25 per cent of the employees, or of the employers of 25 per cent of the workers under the jurisdiction of the board, or upon reference of the board's decision to the court by the minister of labor.

Boards may be appointed for any factory occupation, provided a resolution has been passed by either house of Parliament declaring it is expedient to create such a board. A board may fix either wage rates or piecework rates, or both, or may allow manufacturers to fix piecework rates based on the minimum wage that it establishes. A board must specify the hours for which a rate of wages is fixed and the rate of pay for overtime. The chief inspector of factories may grant a license to any aged, infirm, or slow worker to work at less than the minimum wage fixed by the board, provided that the number of persons licensed as slow workers in any factory shall not exceed one fifth of the whole number of employees receiving not less than the minimum wage in such factory, unless for special reasons the minister of labor permits this proportion to be exceeded. Former boards fixed the proportion of apprentices to journey-

men, but the new [1903] law provides that this shall be done only in case the apprentice or improver is not indentured.

The new law further defines the procedure and limits the discretion of the boards in fixing a minimum wage by the following provision: "The board shall ascertain as a question of fact the average prices or rates of payment * * * paid by reputable employers to employees of average capacity. The lowest prices or rates as fixed by any determination shall in no case exceed the average prices or rates as so ascertained." In case the average prices or rates ascertained are not satisfactory, the whole matter may be referred through the minister of labor to the court of industrial appeals, which then proceeds to fix a rate of wages, exercising the same power in this respect as an arbitration court. The board is also allowed by the new act to fix special wages, prices, or rates for aged, infirm, or slow workers.³

At the close of the year 1910 there were 91 wage boards operating under the Victoria law, affecting about 110,000 employees.

In 1908 the New South Wales arbitration law expired and was not renewed. A wage-board law took its place. An act was also passed making to strike a crime under heavier penalties than previously.

The arbitration law passed by South Australia in 1894 was so amended when passed that it did not prove successful. This law was amended in 1900 to provide for wage boards, but did not become effective until again amended in 1904. The first boards were formed in 1905.

Queensland passed a wage-board law similar to that of Victoria, in 1908; Tasmania passed a similar law in 1910.

As previously stated, New Zealand has amended its arbitration law so as to provide that all disputes must first be heard before "conciliation councils," which are composed of representatives of employers and of workers

³ The preceding five paragraphs are a condensation of pages 62-63, *Bulletin of the Bureau of Labor*, No. 56 (1905).

in the trade in which the dispute occurs and are, therefore, similar to the wage boards of the Victoria law.

The federal arbitration law is still in force, as is also the arbitration law of Western Australia.

Comparing the New Zealand arbitration law with the Victoria wage-board law, we observe: First, the purpose of the arbitration law is to prevent strikes; that of the wage-board law, to prevent sweating. Second, the arbitration court has jurisdiction over all matters that may be the subject of industrial dispute; the powers of the wage board are more limited, the boards being empowered to determine only a minimum wage (usually, in theory at least, the lowest wage the worker can receive without becoming a menace to society), the length of the working day, rates for overtime, and matters pertaining to apprenticeship and slow workers. Third, but one board of conciliation was established in each district and there is but one court of arbitration for the whole Colony; while a wage board is established for each trade or branch of industry coming under the operation of the wage-board law, and the members of each wage board have a practical knowledge of the conditions of the trade for which the board is appointed. Fourth, under the wage-board law employers cannot pay less than the determined minimum wage, but strikes are not prohibited; while under the arbitration law strikes are prohibited in all cases where the dispute is submitted to the court by either party.

As previously stated, the tendency of recent Australasian legislation has been to take from each of the two distinct forms of industrial legislation that which is best and, so, to combine the features of compulsory arbitration of industrial disputes with the determination of all conditions of employment by special boards.

Where the unions are not permitted to strike to enforce their demand for a "closed shop," some of the laws have

permitted the court to grant preference of employment to members of trade unions, but this does not ordinarily work a hardship upon either employer or employee, as the law requires such unions to accept, for a small fee, all applicants that are workers in the trade.

A law providing for the establishment of wage boards was passed in England, October 20, 1909, and went into effect, January 1, 1910.

The law designates four trades to which the act shall apply, and provides that the Board of Trade may, subject to the approval of Parliament, apply the act to any trade "if they are satisfied that the rate of wages prevailing in any branch of the trade is exceptionally low, as compared with that in other employments, and that the other circumstances of the trade are such as to render the application of this act to the trade expedient."

The trade boards, as wage boards are termed in this act, are composed of an equal number of representatives of employers and workers, and of members appointed by the Board of Trade; the latter shall be less in number than one half the representative members of the board. The Board of Trade shall appoint the chairman of the board.

Trade boards shall fix minimum rates of wages for time-work and may also fix general minimum rates of wages for piecework, and these rates (whether time or piece rates) may be fixed so as to apply universally to the trade, or so as to apply to any special process in the work of the trade or to any special class of workers in the trade or to any special area.

The determinations of the trade boards shall not have full effect until six months after notice of same shall have been given and such determinations shall have been approved by the Board of Trade.

Trade boards are permitted to fix special piece rates

for infirm or slow workers where no general piece rate is applicable, or to exempt them from the operation of the time rate determinations if the work is of such a nature that a piece rate will not apply.

"A trade board may establish district trade committees consisting partly of members of the trade board and partly of persons not being members of the trade board but representing employers or workers engaged in the trade and constituted in accordance with regulations made for the purpose by the Board of Trade and acting for such area as the trade board may determine."

"A trade board may refer to a district trade committee for their report and recommendations any matter which they think it expedient so to refer, and may also, if they think fit, delegate to a district trade committee any of their powers and duties under this act, other than their power and duty to fix a minimum time rate or general minimum piece rate."

A writer in *The Outlook* in June, 1911, stated that the act then affected at least 400,000 workers.

The "Coal Mines (Minimum Wage) Act, 1912," was passed in England as a result of a strike among the coal miners, and became a law, March 29, 1912. This law applies only to "workmen employed underground in coal mines (including mines of stratified ironstone)," and differs in detail from the Trade Boards Act, 1909. It provides for the organization by the Board of Trade of a wage board, in the act known as a joint district board, in each of the twenty-two districts into which the country is by and for the purpose of the act divided. The law provides that if it appears that a general district minimum wage rate is not "applicable in the case of any group or class of coal mines within the district, owing to the special circumstances of the group or class of mines," special rates for such group or class of mines, either higher or

lower than the general district rate, may be fixed. The purpose of this clause is to permit certain mines to be worked at less than the general minimum wage rate, where it appears that they could not be profitably worked if the general minimum rate were paid. In this the law differs from all other minimum-wage laws, which provide that a minimum wage rate, when established, shall apply to all workers in a given trade within a district, and this feature of the law will be severely criticised by many people.

On February 29, 1912, a strike occurred among the coal miners of the British Isles whereby a million miners were thrown out of employment. The situation was described by an English paper as the most menacing since the coming of the Spanish Armada. Trade became paralyzed; the fires in England's factories were extinguished; trains could not be moved. A million workers in other trades became idle. The Coal Mines Act was passed by Parliament, and became a law, March 29th, just one month after the strike went into effect, and work was resumed; the greatest industrial dispute in the history of England had been settled quickly and without violence.

We find, then, that England, after a careful study of industrial conditions at home and the working of industrial arbitration and wage-board laws in Australia and New Zealand, passed a wage-board law in 1909 without serious opposition; that after observing the working of the law for more than two years, the principle of a minimum wage determined by wage boards was extended to one of the most important industries in that country; and that within a little more than two years after the original law went into effect, the most serious industrial dispute in the history of Great Britain was brought speedily to a close by the application of this remedy.

This legislation is new, and no one can yet assert that it will prove wholly adequate, or that no change will be re-

quired. Moreover, it does not prohibit strikes, and the coal miners may again resort to strike in an effort to improve their condition. However, I am confident that a proposal to repeal the wage legislation of England would be opposed by a majority of the people of every party; and the miners know that, should they strike, they would receive little sympathy from the people, now that the law provides a peaceable means for the settlement of wage disputes. Without the sympathy and moral support of the public, the miners could not hope to win in a strike that would interrupt the industries and commerce of the country.

In the early part of the year 1911 a bill was passed by the legislature of Massachusetts providing for the appointment of a commission to investigate industrial conditions in that state and report upon the advisability of enacting wage-board legislation. The commission made an exhaustive report, January, 1912, and recommended a law providing for the establishment of wage boards to fix a minimum wage for women and minors in the poorly paid industries of the state. In June of the same year the legislature passed a bill that differs from the one proposed by the committee in that the determinations of the boards cannot be enforced by law.

By a vote of the people of Ohio,⁴ September 3, 1912, the constitution of that state was amended as follows:—

“Laws may be passed fixing and regulating the hours of labor, establishing a minimum wage, and providing for the comfort, health, safety, and general welfare of all employees; and no other provision of the constitution shall impair or limit this power.”

Canada enacted industrial conciliation legislation in 1900, 1903, 1906, and 1907. The Industrial Disputes

⁴The vote was 353,588 for and 189,228 against the amendment.

Investigation Act of 1907, the principal act now in force, provides that in certain occupations (public utilities, including municipal service corporations, transportation companies of all kinds, and occupations subsidiary to transportation, and also coal and metal mines) it shall be unlawful for workmen to strike or for employers to lock out until after application has been made for a special board to investigate and report upon the matters in controversy and such board has been appointed by the Government and its report has been published. The working of the law has been favorably commented upon, and there seems to be little opposition to it and no probability of its repeal.

CHAPTER VI

RECENT COMMENT UPON THE REGULATION OF PRICES

A notable series of editorial articles appeared in *The Outlook*, June 3, 10, 17, and July 29, 1911, from which I quote.

THE STANDARD OIL DECISION—AND AFTER

(*The Outlook*, June 3, 1911.)

* * * As construed by the Supreme Court, the Anti-Trust Law accomplishes a certain amount of good, and it has been a good thing to obtain the decision that has been obtained against the Standard Oil Company. But as a means of effectually grappling on behalf of the whole people with the problem created by what are commonly called trusts—that is, of enormous combinations of corporate capital engaged in inter-State business—the Anti-Trust Law is radically and vitally defective, and any effort to strengthen it would be worse than futile, and would result only in prolonging the time during which the corporations will escape control of the kind demanded in the interests of the people. The Anti-Trust Law was framed on the theory that it was possible to turn back the wheels of progress in industrialism, and in an age of combination to put a stop to the combinations under which business was carried on. While, as I have said, the Anti-Trust Law as now construed does accomplish a certain amount of good, it was out of the question that, framed as it was in such a spirit and with such a purpose, it could achieve in any but the smallest degree what its framers hoped; and any effort to achieve this purpose simply by making the law more stringent will result either in nothing or in changing the situation for the worse.

The Inter-State Commerce Law was framed on precisely the opposite theory. It was framed on the theory that certain monopolies—for every railway is, because of its very nature, to a certain extent a monopoly, or has a certain monopolistic tendency—because of their tremendous power as business entities

and of the impossibility of the individual man grappling with them on even terms, should be rigidly supervised and controlled by the agent of the people as a whole, that is, by the National Government. We are as yet very far from having achieved the best possible results under the Inter-State Commerce Law, but we have steadily improved both the law and its administration, and are accomplishing far more for the control of those monopolies called railways under the Inter-State Commerce Law than is now being accomplished, or can by any possibility be accomplished, in the way of control of other business monopolies by the Anti-Trust Law or any alteration thereof.

What is urgently needed is the enactment of drastic and far-reaching legislation which shall put the great inter-State business corporations of the type of the Standard Oil Company, the Sugar Trust, the Steel Trust, and the like, at least as completely under the control and regulation of the Government in each and every respect as the inter-State railways are now put. To break up the Standard Oil Company, as the recent decision has broken it up, does a certain amount of good; but it does not do anything like the amount of good that would be achieved from the standpoint of the public if the proper Governmental body were given the same supervision and control over it as the Inter-State Commerce Commission has established over certain of the railways of the country. It may well be that in the end Government control of these great inter-State corporations may have to go much further than is indicated by the present Government control over the railways; but, in any event, the only possible satisfactory method of dealing with these great corporations of a monopolistic trend which are not railways is to follow the lines along which the Nation has gone in dealing with those of them which are railways, altering and developing the policy as conditions and events shall justify. Our prime object must be to have the regulation accomplished by continuous administrative action, and not by necessarily intermittent lawsuits.

THEODORE ROOSEVELT.

SHALL THE GOVERNMENT LIMIT PRICES?

(*The Outlook*, June 17, 1911.)

Last week *The Outlook*, in its comment on the tobacco decision of the Supreme Court, said that control of corporations by lawsuit had been shown to be inadequate, and should be displaced by control through a Federal Administrative Bureau

which should be authorized, among other things, to regulate prices. A few years ago such a proposition would have been scouted as out of the question by any great leader in industry; yet, as that editorial statement was going to press, a leader of one of the greatest industries in the country was publicly saying the same thing. Ex-Judge Elbert H. Gary, chief executive official of the United States Steel Corporation, was testifying before a committee charged with investigating the so-called Steel Trust. In the course of his testimony Judge Gary said, "We must come to enforced publicity and Governmental control." Thereupon the following colloquy, as reported in the press dispatch, took place between him and members of the committee:—

"Do you mean Government control of prices?"

"Yes. I mean just that. The Steel Corporation would be glad if it knew where it stood. We want to be free from danger, free from criticism by the public. If we had some place we could go to and say, Here are the facts and figures of our property, our cost prices; tell us what we have a right to charge—if we had some such Governmental body, we would be glad to avail ourselves of the opportunity. Corporations have no right to ignore public questions and public interests."

"Do you mean that co-operation is bound to take the place of competition, and that co-operation must be regulated by the Government?"

"I mean just that."

It is clear from Mr. Gary's testimony that his experience as the executive head of one of the greatest industrial organizations in the world has convinced him that a law merely punishing corporations and their managers for practices tending to monopoly is unjust alike to the public and to the corporations—unjust to the corporations because it does not enable them to know what kind of combination is legitimate, and unjust to the public because it does not, as a matter of fact, prevent combinations that are illegitimate. * * *

GOVERNMENT CONTROL OF PRICES

(*The Outlook*, July 29, 1911.)

In a speech at Duluth last week the Attorney-General of the United States committed himself to the opinion (which *The Outlook* has repeatedly expressed, and which Judge Gary, the head of the Steel Corporation, has advanced) that, in order to control great aggregations of wealth, the Government would find it advantageous, and might find it absolutely necessary, to exercise over industrial organizations the same power of regulation

that it now exercises over inter-State railways. This idea, which is not new to Outlook readers, but which was reiterated by Mr. Roosevelt in his editorial on "The Standard Oil Decision—And After," in The Outlook for June 3, which was set forth with more elaboration in an Outlook editorial in the issue for June 10, and which in substance has been repeated in The Outlook more than once since then, is evidently not so impracticable and visionary as some would believe. At least, it is regarded as reasonable by both the industrial leader and the learned lawyer. The futility of attempting to regulate monopoly by lawsuit was suggested when Mr. Wickersham said: "The Federal Department of Justice is not organized or equipped to maintain constant supervision and control over business organizations. It deals only with cases of violation of the law. The activities of an administrative board or commission would be directed to preventing such violations and in aiding business men to maintain a continued status of harmony with the requirements of law." Mr. Wickersham frankly accepted Government control of prices as a possible factor in any such regulation. He noted that as Congress had provided means for preventing discrimination and unreasonableness in the prices charged for inter-State transportation, so it might establish a similar legislative rule with respect to the prices of commodities which are the subject of inter-State commerce. He pointed out, therefore, that Government control of the prices of commodities was not so much a new principle as the new application of an established principle—namely, "that when property is used in a manner to make it of public consequence and affects the community at large, it becomes clothed with a public use and may be controlled by the public for the common good." That this is not confined to questions of transportation, but is applicable to other kinds of service, he indicated by saying: "In the early days in some parts of the country statutes were enacted to regulate the business of millers and the rates they might charge for grinding. At that time it was a matter of public concern that every farmer should have the right to have his corn ground at a reasonable rate. So," he added, "to-day the conduct of the great commerce on staple articles among the States is become a matter of public consequence, and the courts have upheld legislation regulating it and prescribing some of the conditions under which it may be carried on. To require, as one of these conditions, that prices for commodities dealt in in inter-State commerce must be reasonable

only involves a new application of the same principle." * * *

The main point, however, was that stated at the beginning, that regulation of corporations will be adequate only when it is carried out by means of administrative control. This fact is fully recognized in the case of any such natural monopoly as a railway. It is equally true when applied to monopolies which arise not so much from the nature of things as by the force of events.

CHAPTER VII

THE QUANTITY THEORY OF MONEY

All modern economic writers agree that when an increase in the volume of the currency occurs without a corresponding increase in the volume of business, the value of money will depreciate and the prices of commodities will rise; when a shrinkage occurs in the volume of the currency without a corresponding shrinkage in the volume of business, the value of money will rise (its purchasing power will be increased) and the general level of prices will fall; that, while the price level is affected by other influences, a fair control of the value or purchasing power of the dollar—of the general level of prices—could be maintained by a regulation of the volume of the currency, increasing the circulation when prices show a tendency to fall and contracting the circulation when prices are rising.

Professor Parsons says:—

“The value of money, that is, the general level of prices, can be controlled by controlling the volume of the currency. Prices can be made to rise by increasing the volume of money in circulation, and prices can be made to fall by decreasing that volume.

“Some writers appear to think that the volume of money has no relation to prices. They say that the volume of money may increase very much without affecting prices, while on the other hand prices may rise or fall through the movement of credit without any change in the volume of legal tender money, and from these facts they conclude that the money volume has no controlling influence on prices. But this conclusion is not justified by the premises. A given movement of the money volume may not *always* cause prices to move any more than gravitation will always cause a body to fall, or than an electric current will always cause a trolley car to move. It depends upon the circumstances of the case *how much current* will be required before the car will move, and *how much change* in the money volume must be made in order to cause a movement of prices.

If population and business are growing as fast as the money volume, or if people accustom themselves to using more money in doing the same business, paying cash more frequently and relying on credit less, there may be a large accession to the money volume without a rise of prices. * * *

"There is no precise quantitative relation between money movement and price movement because of the interference of other forces; neither is every price movement due to money movement. The truth is simply that a *sufficient* movement of the money volume will cause a movement of prices, and that when a price change is produced by another cause a *sufficient* counter movement of the money volume will cancel the change. * * *

"The conclusion that the money volume has a determining influence upon prices is simply one application of the law of supply and demand, and is affirmed by all the leading economists.

"Professor Alfred Marshall, the highest living English authority in political economy, says: 'I accept the common doctrine that prices generally rise, other things being equal, in proportion to the volume of money. * * * I include paper money.'

"Pres. F. A. Walker, the highest authority on this side of the water upon the question of finance, writes (Sec. 218, Polit. Econ.): 'Mr. Ricardo has rightly said that, by limiting the supply, any degree of value can be given to the money of a country, be it of gold and silver, or of paper,' giving us in a single sentence his own conclusion and that of Ricardo, whom he calls 'the most illustrious writer known to monetary science.'

"Professor Sumner (Hist. Amer. Currency, p. 221), speaking of irredeemable paper, says: 'The whole story which precedes goes to show that the value of a paper currency depends on its amount. At the time of issue, or during a war in which the issuer is engaged, it depends in some degree on his credit; but when it settles down in peace as the normal medium of exchange, its value comes to depend purely on its amount. This amount, of course, is relative to the requirements of the country for the purpose of performing its exchanges.'

"David Hume says in his Essay on Money: 'It is the proportion between the circulating money and the commodities in the market that determines prices.'

"John Stuart Mill says (Polit. Econ. iii, 8, Secs. 2, 3; and iii, 13, Sec. 1): 'The value or purchasing power of money depends in the first instance on demand and supply. * * * In point of fact, money is bought and sold like other things, when-

ever other things are bought and sold *for* money. Whoever sells corn, or tallow, or cotton buys money. Whoever buys bread, or wine, or clothes sells money to the dealer in those articles. * * * If there were less money in circulation in the community and the same amount of goods to be sold, less money would be given for them, and they would be sold at lower prices. * * * That an increase of the quantity of money raises prices, and a diminution lowers them, is the most elementary proposition in the theory of currency. * * * The immediate agency in determining the value of money is its quantity. If the quantity, instead of depending on the ordinary motives of profit and loss, could be arbitrarily fixed by authority, the value would depend on the fiat of that authority. The quantity of a paper currency not convertible into the metals at the option of the holder can be arbitrarily fixed, especially if the issuer is the sovereign power of the State. Wherefore, the value of such a currency is entirely within the control of the Government.' " (*Rational Money*, pp. 100-101.)

Some writers, recognizing the fact that a steady price level, a dollar of a fixed and unvarying purchasing power, is one of the greatest economic needs of the people of the country to-day, have advocated that our money system be revised to provide for a board that would observe every change in the price level and advise the Secretary of the Treasury, who would expand and contract the volume of the currency so as to maintain a fixed price level and a dollar of constant value.

It would appear, however, that if the volume of the currency were regulated by the demand for money, so that there would always be enough money in circulation to supply the needs of the commercial world and never more, such a regulation of the money volume would not assure a steady price level. If this is true, the converse must also be true: if the volume of the currency were so regulated that the value of the dollar and the general level of prices would remain constant, the volume of such currency would not be always equal to and never in excess of the demand of the commercial world.

CHAPTER VIII

THE MULTIPLE UNIT AND STEADY PRICES

The value of a commodity is its power to command other *commodities* in exchange. The price of a commodity is its power to command *money* in exchange. The value of money is its power to command *commodities* in exchange.

Therefore, when the price of commodities generally or averaged rises, the value of money falls, for it will command less of commodities in exchange. When the price of commodities falls, the value of money rises, for it will then command more of commodities in exchange. When a rise in prices occurs it is useless to ask whether money has depreciated or the values of commodities have advanced. The important fact is that a change in the ratio between the value of money and the value of commodities generally has occurred: money will command less of commodities and therefore has depreciated; commodities will command more money and therefore have advanced.

If money were a commodity possessing only those attributes or qualities of commodities such as wheat and wool, then if A promised to pay B one hundred dollars in a year and at that time paid B the hundred dollars, no one could possibly find fault with the transaction. But money possesses attributes that other commodities do not possess, and it is only because of these attributes or qualities that the people accept it in exchange for commodities and services.

The people cannot use money to satisfy their wants—they cannot eat it or wear it or build houses of it—and they could not exchange it for useful things did not those

with whom they trade know that they could, in turn, exchange it for other commodities and services. The people would not accept money in exchange if it did not possess the quality of being generally acceptable. They might accept flour, sugar, or coal in exchange for commodities and services, even though they did not have assurance that they could exchange them again for other things. Money differs from other commodities in that it must be generally acceptable before it has any considerable value.

Money is a measure of value. If A agrees to work for B for a year for value, it is essential that the amount or value of his compensation be expressed. It might be agreed that he would work for so much wheat, or for so much wool, or for certain quantities of a variety of commodities, but, for the convenience of both employer and employed, the compensation is expressed in a unit in which the values of all commodities are expressed, and A is paid in a commodity that is exchangeable for all commodities. The unit is the dollar, and the commodity in which A is paid is money. It is essential that this unit be a constant and unchanging measure of value, as the yard is of extension, the pound of weight, the bushel of capacity. It is apparent that if A borrowed one hundred bushels of wheat from B and promised to return one hundred and five bushels after the harvest, if the capacity of the bushel measure was reduced before the harvest so that, although A filled the measure one hundred and five times for B, yet B received less wheat than the hundred bushels loaned to A, a system that would permit such change in the capacity of the bushel measure would defraud B, would hamper men in their dealings with each other, and would have a demoralizing influence upon industry and trade. Likewise, if the measure had been increased in size between the time the debt was incurred and

the time of its fulfillment, then A would have had to return to B more wheat than had been contemplated by them when the seed was loaned to A.

Money affords a means of storing value or power of purchase. Did it not perform this function it would not be generally acceptable. If it represented a value that had to be used or consumed at once, it would be like ripe bananas or summer eggs. No workman would accept a load of ripe bananas in exchange for a month's labor, though he might accept five tons of coal, which he could put away and use at some future time. When money is depreciating, when the prices of commodities are advancing, the savings of the people, when represented by money on hand or in bank, are constantly diminishing. It is essential that the dollar be constant in value—in purchasing power, in command over commodities in exchange.

Professor Andrews says: "Increase in the value of money robs debtors. It forces every one of them to pay more than he covenanted—not more dollars but more value, the given number of dollars embodying at date of payment greater value than at date of contract. Decrease in the value of money robs creditors, necessitating each to put up, in payment of what is due to him, with a smaller modicum of value than was agreed upon."

When the dollar is depreciating, when the prices of commodities are rising, the wages of the workers must advance proportionately or they suffer a loss and do not receive compensation of the value agreed upon. They cannot, as a rule, secure such increase in wages without making a strong demand upon their employers. When the dollar is appreciating, when the prices of commodities are falling, the wages of the workers must reduce or else the employer will suffer a loss and the workers will receive compensation of more value than was agreed upon; but every effort upon the part of employers to effect a reduc-

tion in wages is resisted by the workers. Every effort either to increase or reduce the wage scale results in a strife between employer and employed, and this condition aggravates the labor problem, the greatest political, economic, and social problem before the world to-day.

The need of a dollar of constant value, a dollar that will at all times exchange for the same amount of commodities and services generally, is apparent.

Such a dollar can be secured only by adopting as the basis of our money system a multiple commodity unit, a unit composed of all commodities, rents, wages, and services that are important factors in the total consumption of the mass of the people. Such a unit would be composed of certain definite quantities and amounts of certain definite kinds and qualities of all such commodities, rents, wages, and services. Each commodity would be taken in quantity or amount in the proportion or ratio to the total of the unit that the total consumption of such commodity bears to the total consumption of the country. Likewise, the amount of each rent, wage, and service that would enter into the unit would be determined by its importance as a factor in the total consumption. The total price of the given quantities and amounts of the given kinds and qualities of the commodities and services¹ composing the unit would be determined, and this total would not change but would remain the same at all times. It would be possible for the prices of the various commodities and services of which the unit would be composed to fluctuate, that is, the ratio of the value of each such commodity and service to the value of the other commodities and services of which it would be composed to change, yet the total remain the same.

¹ For convenience, I here use the term *commodities and services* to mean "commodities, rents, wages, and services," and it is used in this sense wherever it occurs in this book.

The prices of commodities and services within the unit would fluctuate as natural conditions would require. It is important, therefore, that each commodity, rent, wage, and service that enters into the unit be an important factor in the total consumption of the mass of the people, and that the quantity or amount of each commodity, rent, wage, and service taken to form the unit bear the same ratio to the total of the unit that such commodity, rent, wage, or service bears to the total consumption of the country. Otherwise those commodities and services that are large factors in the total consumption of the people might be advanced in price, those commodities and services that are small factors be reduced, and the unit remain in balance, that is, the total price of the given quantities and qualities of the various commodities and services of which it would be composed, remain unchanged; yet the cost of living of the people would have advanced, for the things they commonly use would have been advanced and the things they seldom buy would have been reduced. If a ten per cent advance in the price of sugar could be offset by a ten per cent reduction in the price of champagne and the unit thus kept in balance, it is apparent that the balance of such a unit might be maintained yet the cost of living of the people be greatly increased, the purchasing power of their dollar be greatly depreciated.

If the unit was made up of those commodities and services that are important factors in the total consumption of the mass of the people, and each commodity and service was taken in the proportion in which it enters into the total consumption, then an advance in the price of sugar would be offset by a corresponding reduction in the price of one or several equally important commodities, and the reduction in the price of such commodity or commodities would be sufficient exactly to offset the ad-

vance in the price of sugar, so that the dollar in the hand of the worker would command just as much of commodities generally or averaged as before, and would have exactly the same purchasing power at all times.

Such a unit as I have described might be called a dollar. It is evident that if such a unit were called a dollar and made the unit of our money system, it would be necessary to provide some mechanism by which such dollar could be made always to command the given amounts and qualities of the commodities and services of which the unit would be composed. This being accomplished, the dollar would have a constant value, a fixed purchasing power. If such a unit were constituted a million-dollar unit, then a million dollars would always command the given quantities and qualities of the various commodities and services of which it would be composed, never more or less; a million dollars would always have the same purchasing power, and a dollar would likewise remain constant in value.

It would not be difficult to devise a means by which the ratio between the value of commodities averaged and the value of the dollar could be maintained without variation. Writers have suggested that the multiple unit be used as a means of observing and measuring fluctuations in the purchasing power of the dollar, and that the currency be expanded and contracted from time to time to such extent as should be required in order to maintain a fair degree of constancy in the purchasing power of the money.

In the following chapter I have outlined a plan by which a multiple commodity unit can be established and made the actual unit of a money system (not simply a thing by which the fluctuations in the value of the dollar can be observed and measured) and its total price maintained the same at all times. The constant price total of the unit—its balance—would not be maintained by a

regulation of the volume of the currency. The currency would be regulated in volume, expanding and contracting with the expansion and contraction of industry and commerce, so that there would always be enough money in circulation and never more. Such a money would be constant in value, unvarying in its purchasing power.

CHAPTER IX

REGULATION

I propose:—

That the people declare their right to the land; that they declare the title to all the land to rest in the people collectively—in the Government.

That wherever in so doing the people take from any person, firm, or corporation the fee-simple right or title to land, they give to such person, firm, or corporation, in lieu thereof, a lease to such land for a term of eighty years, reserving to themselves the right to put such restrictions upon the use of the land as may be expedient in order to prevent waste of resources, and the right to regulate the prices to be charged by such lessees as land rent and for raw material.

That the people adopt a multiple unit money system, and that the National Government issue a paper money as the only form of money except coin of small denominations made of an inexpensive material. Such money to be not in the form of a note, not a promise to pay something on demand or at some future time, not convertible into gold or silver or commodities upon demand or at any future time except as it would be used in the settlement of debts in the usual course of business. The Government to agree that it will accept this money in the payment of all taxes and duties and for all public dues of every nature, and to guarantee that this money will be accepted at par by all the people for commodities and services and in the settlement of all debts.

That the Government retire all money now in cir-

ulation, giving such money issued upon a multiple commodity base in exchange. That it sell the gold, thus received in exchange for such money, to the people at the market price.

That the country be divided into districts. Each state might constitute one district; or several states might be included in some districts; or districts might be formed with new lines drawn with regard for soil and climatic conditions, products, occupation of the people, etc.; or two, three, or four different divisions of the country into districts might be made, so that the districts of the four different kinds of district boards hereinafter described would not coincide.

That the people provide for the election of district land boards, district wage boards, district profit boards, and district money boards; likewise, for the election of a national land board, national wage board, national profit board, and national money board.

That the national land board, acting with the assistance and advice of the district land boards, fix a tariff of maximum prices of raw materials and maximum land rents, the prices and rates varying in the different districts as conditions would require.

That the national wage board, acting with the assistance and advice of the district wage boards, fix a tariff of minimum wages, the rates varying according to the nature of the work and in the different districts as conditions would require in order that all the people be justly dealt with and that the people of one district be not favored over those of another.

That the national wage board, acting with the assistance and advice of the district wage boards, regulate the hours of labor in the various trades and industries so that the work of the country will be divided among all the people and none need be idle.

That each district wage board determine what part of an ordinary day's work each slow worker in its district is able to perform, and that each slow worker be permitted to work for such part of the determined minimum wage, except where a piece rate is applicable.

That each district wage board arbitrate all industrial disputes arising within its district where the business of the employing party to the dispute is conducted wholly within the district. That the national wage board arbitrate all other industrial disputes.

That it be unlawful to strike, to threaten to strike, to lock out, or to threaten to lock out.

That the national profit board, acting with the assistance and advice of the district profit boards, fix a tariff of the maximum profits that may be charged by all that engage in gainful pursuits, the rate varying according to the nature of the business and in the different districts as conditions would require, and the maximum profit that may be charged in the rental and sale of real estate.¹

That all profit in excess of the maximum profit permitted by the tariff of maximum profits issued by the national profit board be forfeited to the Government. That nothing be forfeited because of increase in the value of real estate (land and improvements), except that all profit derived from the rental or sale of real estate in ex-

¹ The terms *land rent*, *raw material*, *wages*, *interest*, and *profits* are here used in their commercial sense. The elements of which each of these factors would be composed would vary in the different trades and would be determined by expediency and the practice generally prevailing in each trade. To illustrate: in some trades interest would be reckoned as an element in profits; in others wages of management would be so reckoned; in others both of these elements would be included in profits; while in others neither of these elements would be so included.

cess of the maximum profit permitted by the tariff of maximum profits be forfeited to the Government.

That the national money board, acting with the assistance and advice of the district money boards:—

(a) Establish a multiple monetary unit, this unit to be composed of every commodity, rent, wage, and service that is an important factor in the total consumption of the mass of the people, the commodities, rents, wages, and services being taken in quantities and amounts in the proportion in which they enter into the total consumption of the country, the kind or quality of each commodity, rent, wage, and service to be certain, and the total price of the unit to be determined.

(b) Determine each week the price total of the unit according to the prices generally prevailing throughout the country, that is, determine the total price of the given quantities and amounts of the given kinds and qualities of the commodities, rents, wages, and services composing the unit; furnish such information to the other national boards and to the district boards throughout the country, and publish such reports.

(c) Meet each day with members of the national land board, national wage board, and national profit board and so advise and govern the actions of these boards that, in revising their several tariffs or schedules from day to day, they make their revisions in such a way that the price total of the unit will be the same at all times.

(d) Call in all money now in circulation, and issue therefor paper money issued upon a multiple commodity base as hereinbefore described. Issue such money from time to time and in such amounts as may be required.

(e) Establish Government loan offices in the principal cities and towns throughout the country; these to be under

the supervision and control of the national money board, assisted in the supervision and in the examination of securities and accounts by the district money boards.

(f) Fix a maximum rate of interest that may be charged for the use of money, the rate varying according to the nature of the security and in the different districts as conditions would require, and loan money at any time, in any amount, to any person having good and sufficient security of any kind, at a rate slightly higher than such maximum rate, so that the people will apply to the Government loan offices for loans only during periods of money scarcity and will immediately repay such loans when the period of money scarcity is over.

That the national money board ascertain from time to time the approximate amount of the money of this country circulating in other countries; and that the Government purchase interest-bearing securities from time to time in such amounts as shall be required in order that it hold securities at all times of an amount not less than the amount of its money circulating in other countries.

That whenever it is necessary to increase the permanent circulation, money of the required amount be issued and placed in the treasury of the Government, and the regular revenues of the Government be reduced so that the surplus thus created will disappear; that as long as there is a surplus in the treasury, such money be loaned on call or short time, in order that the money of such new issue be placed immediately into circulation; that the money thus loaned by the Government (and therefore placed in temporary circulation) be called in as fast as the reduction in the regular revenues would make it possible to do so without increasing the amount of money in the treasury.

That if it should be necessary at any time to decrease

the permanent circulation, money of the required amount be taken from the treasury of the Government and canceled or destroyed, and the regular revenues of the Government be increased enough to replace such money canceled; except, however, that, if the money of this country that had been circulating in other countries should flow back into this country, and if, in consequence, it should be necessary to reduce the volume of the currency, then the Government sell securities of such amount as shall be required and cancel or destroy the money received for the securities sold.

That the circulation be temporarily increased by all loans made by the Government to the people through the Government loan offices, by issuing new money to the amount of all loans made; and that such money be retired from circulation when such loans are repaid.

That a national bureau of accounts, for the examination of accounts and the detection of frauds, be established, consisting of several chief examiners, and of a supervisor and several examiners in each district. That all that engage in business be required to keep accurate books of account and preserve all invoices and vouchers, and that retail merchants be required to mark the price upon all goods in their stocks. That the bureau of accounts have the power to establish such rules for the keeping of accounts, invoices, and vouchers as shall be necessary to facilitate the examination of accounts and the detection of fraud.

That whenever commodities are imported, the cost of such commodities, freight added, be ascertained; the price the importer would have had to pay for the same commodities if produced at home and bought upon home markets, as determined by the tariffs of the several boards, be ascertained. If the cost of the goods imported be less than the price the importer would have had to pay

for the same goods produced at home and bought upon home markets, then a duty be charged equal to the difference, so that goods imported will cost the importer the same as goods produced at home and bought upon home markets.

Under present conditions the worker may receive an advance in wages, yet fare more poorly than he did before; the money-loaner may receive a high nominal interest rate, yet be unable to purchase as much with principal and interest when the money is returned to him as he could have purchased with the principal at the time the money was loaned. There is no absolute, unchanging standard by which the people can measure the degree of their prosperity and determine definitely the effect of political changes upon their material condition.

Political issues and economic problems are intricate and complicated; many are presented to the people in such a way that they cannot fully comprehend them. Because of the haze surrounding trifling political issues, politicians have been able to magnify the importance of such issues and keep the attention of the people centered upon problems the solution of which could not afford any important relief.

Under Regulation the worker would have an absolute, unchanging standard by which he could measure the degree of his prosperity, and he could not fail to note any change that might occur either for better or worse; he could accurately compare his condition at any time with his condition at any other time. The dollar would have an unchanging purchasing power, and as long as his income remained the same there could be no change in the amount of necessities and luxuries it would provide.

Every change in his income would indicate, unmistakably, a proportionate change in his material welfare.

Political issues would be of a simple character and would pertain to things of which the people have intimate knowledge. Political issues could not be obscured or magnified; the people could not be worked into a ferment over issues of no vital importance; the people could not be confused or led astray by the studied eloquence of politicians.

Under Regulation the issues would be: Shall those who control the land receive either more or less? Shall the workers receive either more or less? Shall those who control the money of the business enterprises of the country receive either more or less? Shall those who engage in business receive either a larger or a smaller profit?

Any increase or decrease in the part of the production of the country that either class would receive would be clearly indicated by a corresponding change in the rates of the published tariffs of the several boards; and any change in the price or rate of either land rent, raw material, wages, interest, or profits would mean an actual change in the part of the total production the corresponding class would receive, to the extent indicated by such change in the price or rate.

The following objection will be raised. You have said that Regulation would determine and maintain a natural, just, and equitable ratio between the part of production those who own the land would receive, the part the wage-earners would receive, the part that would represent interest, and the part that would represent profits. Yet you propose that the people elect by a majority vote men that shall constitute the various boards, and that these boards determine such ratio. You have said that when a scientific remedy is found, it will not be

of the nature of class legislation. If these boards are made up of men chosen by the vote of the majority of the people, will they not legislate in favor of the majority? will they not determine and maintain such ratio between the four parts of production as will be in the interest of the mass of the people by whom they are elected? and will not the minority be unjustly dealt with?—will not the determinations of such boards be of the nature of class legislation? Could a ratio that is natural, just, and equitable be maintained when such ratio would be determined by a vote of the majority of the people? You have said that when a scientific remedy such as we are looking for is found, it will not require for its success an ideal citizenship, a composite citizen² that is altogether wise, honest, and just, but that it will be of such nature that it will operate successfully under social, moral, and educational conditions such as exist at the present time. Does not Regulation suppose an ideal state of society in which the composite citizen is infallible in his judgment in political matters, honest, and free from the influence of self-interest?

Fully ninety-eight per cent of the people of the country suffer more or less to-day because of the laws and customs of the time which give to two per cent of the people far more than their just share of the country's production. The people regard our present system of land monopoly and the control of our vast commercial enterprises by a few, who pay the smallest wage for which they can secure workers and charge the highest price for commodities and services that the people can be forced to

² The *composite citizen* is an imaginary person possessing intelligence, moral character, and discretion in political matters in a degree equal to the average intelligence, moral character, and discretion in political matters of all the citizens of the country.

pay, as natural and just, or at least as being according to laws and customs to which they or their fathers have given consent. The Ninety-eight regard as unnatural, unlawful, unethical, any attempt to wrest from the Two any part of their large share. And so the Two continue year after year to make this division of the products of the labor of the Ninety-eight. They could not continue such division of production for a single day without the moral support of the Ninety-eight, who maintain the laws and institutions of the land that protect the interests of the Two and divide the production of the people. Yet the Two feel secure in the enjoyment of these rights, confident that the Ninety-eight will continue forever to maintain and defend the laws, customs, and institutions of the land that divide the production of the people, giving a large share to the Two and a small share to the Ninety-eight.

The contention, then, that if the people are given the power to make laws and rates that will determine the part of the production of the country each class of the people shall receive, the workers, the great majority of the people, will make laws and rates unjust to the small minority of the voters that constitute the class whose interests are opposed to those of the majority, is refuted by facts with which every reader is familiar.

While the people are actuated largely by self-interest in their dealings one with another, history and the observations of every reader will prove that in political matters and in all matters in which the people act collectively, the majority will always support that policy that they believe to be ethical, fair, and right. Would the leaders of any political party dare appeal to the people to endorse a political measure, admitting it to be unjust or wrong, because it would be of profit to the class to

whom they look for support? No. They would know full well that it could not succeed unless they could so present it to the people that it would appear to them to be fair and right.³

The lawless element constitutes a small part in the mass

³ Many readers will, upon first thought, take exception to this statement. This will be due partly to a misunderstanding of my statement, partly to a misapprehension of the facts.

It will be said, The majority of the people of each district have always supported whichever tariff policy would best promote their private interests; in 1896, when free silver was an issue, the majority of the people in the silver producing and in the debtor districts voted for the measure, while the majority of the people in the non-silver producing and creditor districts voted against it. These statements are, with important exceptions, true. It will be argued from these and similar facts that the majority of the people will always support the policy that will best promote their private interests without regard for right or justice.

As long as there is doubt in the minds of the people as to the justice of a cause, they will either support or oppose it as it will best promote their private interests. No sane man will support a cause that is against his private interests if he is not sure that it is right.

Ever since the tariff became an issue, men that have held the confidence of the people have advocated a protective tariff, while others equally deserving of the confidence of the people have opposed such a policy. Likewise, during the free-silver campaign of '96, men that held the confidence of the people supported the measure, while men equally deserving of their confidence opposed it. It was to be expected, therefore, that the mass of the people, confused and uncertain as to which side was right in each of these issues, would support whichever policy would best promote their private interests.

My contention here is that, for instance, had the advocates of a protective tariff admitted that it was unjust or wrong—had all the voters believed that a free-trade policy was right and just—the majority of the voters in every district would have endorsed a free-trade policy, and that this principle will apply in the case of the free-silver or any other issue.

of the people. Those who demand that right be done to all in the making and enforcement of our laws constitute so large a part that no political measure can succeed that is manifestly unjust. This element constitutes a *heavy balance wheel*, and this balance wheel is the safeguard of the nation. It is important that we understand its influence and its power.

Most people are actuated largely by self-interest in their dealings one with another. As long as competition among individuals is keen, and those who are unsuccessful in the struggle must suffer want, and those who have provided abundantly for the day must still make provision for the morrow, this self-interest will continue to be manifest. Under a wise economic scheme that would assure every man that is willing to work that he need never fear abject poverty, men would be less selfish than they appear to be to-day. As the economic conditions of the country improve, the composite citizen will develop morally and intellectually; and as the people that compose the balance wheel of the nation grow morally and intellectually and become less selfish, this heavy balance wheel will become more and more efficient, a greater power for right and justice in the land, a greater protection for the few against the selfishness of the many.

What is a natural, just, and equitable ratio between the part of production that shall go to those who control the land, the part that shall go to those who labor, the part that shall go to capital as interest, and the part that shall go to the entrepreneur as profit? How can such ratio be determined?

The ratio between the four parts of production, if a natural, just, and right ratio be maintained, will change constantly. We cannot revolutionize society in a day. Many conditions existing to-day in the social and industrial world are the result of habits of thought deep seated

in the minds of the people of this generation, which will be transmitted in a diminishing degree to those of the future. The efficiency of the workers, their ideals and standards of living, their needs and requirements, are gradually rising. The natural ratio is not an arbitrary thing. An instrument to determine it must be sensitive to every change in the condition of the people of each of the four classes; the hand upon its dial must be actuated by the heart throbs of the people; it must be sensitive to every desire within the hearts of the mass to rise to higher intellectual and industrial conditions; it must know and feel and understand the conditions of all the people.

The heavy balance wheel of the nation, which is composed of people of all classes, of all walks of life, of all parts of the nation, who comprehend the condition of the people of all classes and feel the pulse of the commercial world, will feel and know instinctively when and where a change in the ratio is needed; it will act justly, and the ratio that it will maintain will be natural, fair, and just to all. In no other way can the determination of a natural ratio be accomplished.

The essential attributes or qualities that good money must possess are:—

(1) It must be generally acceptable without exception. It must be good for the payment of all debts public and private, and all the people must be willing to accept it in exchange for commodities and services and in the settlement of all debts.

(2) It must be constant in value or purchasing power. It must at all times exchange for the same amount of commodities generally, not of some one commodity but of all commodities averaged. It must command exactly the same amount of commodities at the time a debt is paid that it did at the time the debt was created, the exact

amount that was contemplated by both debtor and creditor, or else either the one party or the other will be defrauded.

The money in which the workers are paid their wages should command the same amount of commodities at all times. If its purchasing power is diminished, the worker is defrauded and is compelled to demand an advance in wages. If its purchasing power is increased, the employer suffers a loss and enforces a reduction in wages. Every such change in wage scale results in friction between employer and employed and is destructive of the friendly relation and mutual understanding that should exist between these two important classes.

It is important that the people be permitted to enter into long-term contracts whose terms are expressed in money, such as life insurance policies and long-term leases, without danger of loss to either party by reason of a change in the value of the money. The proceeds of a life insurance policy should exchange for exactly the same amount of commodities (not of some one commodity, but of all commodities averaged) as was contemplated by both the insurer and the insured at the time the policy was taken, no matter how long it may have run.

(3) It must be elastic and regulated in volume, so that there will be enough money in circulation at all times to meet the demands of the commercial world and never more than is required. Money cannot be constant in value if the demand for it is greater at one time than another, that is, if it is scarce at one time and plentiful at another. Money lubricates the wheels of commerce and causes them to run smoothly. It is not, or should not be, a commodity, but something to facilitate the exchange of commodities. The whole life and purpose of the industrial and commercial world is the production and exchange of commodities. If the money supply is inadequate, it is as if the water supply of a canal through which

many ships are waiting to pass is inadequate to fill the locks quickly.

(4) It must be difficult to counterfeit. A good money must be one that cannot be easily imitated. To counterfeit the money that the law says shall be accepted in the payment of all debts is to work an injustice and a fraud either upon some innocent person or upon the Government. The quantity of a currency that is easily counterfeited cannot be regulated without a great loss to the issuer in the retirement of such counterfeit money.

(5) Least essential, yet important, it must be made of the most inexpensive material and must be produced by the most inexpensive process that will give the people a money that is durable and difficult of imitation.

Under Regulation the price of labor and of all commodities, rents, and services would be determined and would be expressed in dollars of constant value. An employer would know that a certain number of dollars would always command a certain amount of certain commodities, rents, or services, or a certain amount of a certain kind of labor. Likewise, the worker would know that a certain number of dollars would always purchase a certain amount of such commodities and services as he required. Employer and employee and the people generally would, therefore, accept such money without hesitation. Such money, with a definite, unchanging purchasing power, would be preferred by all the people to any other form of money; in fact, there would be no other money. Since such money would buy all commodities in American markets and settle all debts public and private, due and payable in this country, and would be constant in purchasing power, the people of other countries would accept it and would probably prefer it to their own depreciating money until such time as their countries should adopt a similar money system.

As long as we can purchase a definite amount of commodities averaged with a thousand dollars, the amount that can be purchased with a dollar will remain constant, its command over commodities will not change. So, if we establish a multiple commodity monetary unit, made up of certain fixed quantities of all common commodities and services, the total price of which is one million dollars—a million-dollar multiple unit—and a million dollars will at all times purchase the certain given quantities of all these commodities and services,—then a million dollars of such money will always and at all times have exactly the same purchasing power, and a dollar will always purchase the same amount of commodities generally or averaged.

Since the prices of commodities and services generally would be determined and would be expressed in such money, the purchasing power of the dollar and the general level of prices would not depend upon the quantity of money in circulation. The quantity of such currency would be determined by the demand or need of the commercial world, and the interest rate would remain fixed and invariable.

We find, then, that the money of Regulation would possess the first three attributes or qualities of good money, acceptability, constant purchasing power, and elastic and regulated volume.

All writers appear to agree that, with present methods of manufacture, coin can be more easily counterfeited and requires less skill to imitate than does paper money such as our gold and silver certificates and national bank notes.

Professor Parsons quotes Del Mar as follows: "The silk threaded distinctive fibre paper, the water marks, the printing in colors, the highly artistic vignettes, the geometrical lathe work, the numbers, the signatures, and

other mechanical safeguards of the modern paper note render it far more difficult to imitate than coin."

Forty-eight dollars will buy enough silver to make one hundred silver dollars of standard fineness. The silver in such a counterfeit dollar would be identical with that of the Government's coin, and the simpler process by which it is produced makes the counterfeiting of the silver dollar more inviting to the criminal than the imitation of our paper money.

By substituting paper for gold and silver, the Government would secure all the precious metal in circulation in this country. It would sell the gold, thus received in exchange for its paper, to the people at the market price. The people would use this gold in the settlement of foreign debts as long as other nations continued to use gold as the basis of their money systems, thus further depreciating the value of gold upon the market, making it easier for the people of this country to secure gold with which to pay debts due in other countries. This depreciation of the gold money of the world and the advantage it would give to the people of this country in dealing with the people of gold-using countries would hasten the time when the multiple monetary system would be adopted by all commercial nations. If such fall in the value of gold and the depreciation of the money of gold-using countries and the stability of our own medium would cause the people of other countries to prefer our money to their own depreciating currency, the flow of our money into other countries would cause a further depreciation of their money due to the increase in their circulation, and would result in a further advance in prices in such countries. The use of our money in foreign countries would be of benefit to us and would be a strong power in preserving peace between this and all other nations, as will be hereinafter explained.

By the substitution of paper for gold money, the labor now expended in the production of gold would be saved, and thousands of men now engaged in mining gold would be employed in work beneficial to society. Regulation would solve the problem of unemployment, and the employment of these men in other occupations would not result, as it would now, in an increase in the number of unemployed, but would tend either to decrease the hours of employment for all the people or to give to all more of the comforts and luxuries of life.

We find, then, that the money of Regulation would possess the fourth and fifth attributes of good money, it would be difficult to counterfeit and it would be produced of an inexpensive material and by an inexpensive process.

What would be the effect of the multiple unit monetary system that you propose upon our commercial relations with foreign countries? Could we buy in foreign markets? Would our money be accepted in foreign countries in the settlement of debts? Could we maintain an independent money system if our money was better than that of foreign countries, circulated freely in foreign countries, and was at a premium there? Would not such foreign demand for our money create a money scarcity at home, or require an overissue, or cause our Government to create too great a liability?

This country's supply of gold is more than one fourth of the gold supply of the entire world. If we discontinue the use of it as money and throw our gold upon the other gold-using countries, it will increase their supply of gold more than one third. This would result in a further depreciation of gold and a further appreciation in the prices of commodities in gold-using countries.

International balances are settled to-day, not with gold coin but with gold bullion. The people of this country

could continue to pay their foreign debts in bullion just as they do now. With the further depreciation of gold, the people would profit by such mode of settlement, and would undoubtedly prefer to pay their foreign debts in depreciating gold rather than in a money of constant value. But the question that we are now considering is, What would be the effect of the payment of our foreign debts in the money that I propose, and the circulation of such money in foreign countries?

All important commercial nations buy large quantities of various commodities in American markets. American money would settle the bills for such purchases and would be easy to transport. Therefore, American money issued upon a multiple commodity base, having a constant purchasing power, exchanging at all times for the same amount of commodities generally, would be accepted in all countries; and since their moneys would be constantly depreciating, American money issued upon such multiple base would probably be preferred by the people of such countries to their own sinking currency. For, should they be paid a debt in their own gold money and deposit it in a bank or otherwise hold it for a time, the money would shrink from day to day, and when they would attempt to purchase commodities with it they would find that it would command less of commodities generally than it would have at the time they received it.

The greater the extent to which our money would go over to other countries, the greater would be the depreciation of their money—the greater the advance in the price of commodities, the greater the dissatisfaction of the people of such countries with their gold money system, the greater their political unrest.

No matter to what extent our money would circulate in other countries, no money stringency could occur at home; prices and interest rates would not be affected. When

other countries would adopt a similar money system and that part of our money that had been circulating in such countries would flow back into this country, no oversupply could occur; prices and interest rates would not be affected. The Government would issue money from time to time to take the place of its money circulating in other countries, and would purchase interest-bearing securities of an equal amount. When money that had been circulating in other countries would flow back into this country, if an oversupply should be thus created, then the Government would sell securities of the required amount and the money received for the securities sold would be canceled or destroyed.

The Government would receive interest upon an amount approximately equal to the amount of its money circulating in other countries. This would be equivalent to the people of other countries paying interest to the Government upon its money circulating abroad. The Government would, therefore, derive a revenue from the circulation of its money in other countries.

The fact that American money issued upon a multiple commodity base would circulate freely in all countries, especially until such time as they should adopt a similar money system, would not hamper in any way the operation of the multiple monetary system in this country nor prove in any way a menace to the people. I believe all other commercial nations would, however, be compelled to adopt a multiple system.

The adoption of such system by any country and the circulation of its money in other countries would be the strongest power that could be found to promote peace between it and all other nations. If America were on a multiple basis and our money were circulating in large quantities in England, France, Germany, and throughout all Europe, our money being valuable in foreign coun-

tries only because it would settle bills for goods produced in America and bought in American markets, the threat of any nation to engage in a war with this country, thus hampering our production and interrupting our commerce, would meet with immediate opposition upon the part of every commercial interest in every country throughout the world where American money had found its way.

How could the prices of the various commodities and services of which the multiple unit would be composed, fluctuate as natural conditions would require, yet the price total of the unit remain the same at all times?

The price of a commodity or service is a comparison of its value with the values of all other commodities and services; it is the expression of the ratio of its value to the values of all other things.

It matters not what the price of a commodity, expressed in dollars and cents, may be, as long as its ratio to the prices of all other things is correct.

The multiple unit would be composed of all commodities, rents, wages, and services that are important factors in the total consumption of the mass of the people. It would not matter, therefore, what the price of any one of the items of the unit would be, as long as its relation to the prices of all the other items was correct.

Let us suppose, for convenience, that a thousand-dollar unit was established (the unit would, of course, be much larger); that after the revision of the prices of the items of the unit for the week was completed, the unit was totaled and its total price found to be \$1022.64. The price of each commodity, rent, wage, and service of which the unit would be composed might then be multiplied by the fraction $1000/1022.64$. The prices of all the items of the unit would then be in the same ratio or proportion as before, and the total would be \$1000.

This method of maintaining a constant price total of the unit is presented in order that the reader may understand what I have said in the three paragraphs that precede it. Such a method would not be practical, however, for it would necessitate a slight change each day in the price of every item of the unit.

The method that I have proposed for accomplishing the same result is as follows: that members of the national money board meet each day with members of the national land board, national wage board, and national profit board and so advise and govern the actions of these boards that, in revising their several tariffs or schedules from day to day, they make their revisions in such a way that the price total of the unit will be the same at all times.

To the hurried but thoughtful reader it may appear that, while I propose to establish a tariff of minimum wages, a tariff of maximum prices of raw materials and maximum land rents, a maximum interest rate, and a tariff of maximum profits, yet in my discussion I assume that these schedules or tariffs would be absolute; that men might pay more than the minimum wage, or charge less than the maximum price for raw material or land rent, or charge less than the maximum rate of interest, or charge less profit than the maximum profit permitted by the tariff of maximum profits; that the price level would be thus affected, and, therefore, that a constant price level could not be maintained.

It would be folly to propose to establish absolute schedules or tariffs and to prohibit men to pay a higher wage, or to charge less for raw material, land rent, or interest, or to charge less profit. The price level would be slightly affected in this way; but the fluctuation thus caused would be so slight that it would be perceptible only to the money board, which would have superior

facilities for observing the price level and measuring all changes.

The tariffs of the several boards would be revised from day to day as conditions would require, and members of the national money board would meet each day with members of the other national boards and so advise and govern the actions of these boards that they would make their revisions in such a way that the price total of the monetary unit would be exactly the same at all times.

You have said that all increase in the value of land is created by society, and to society (the people collectively) it belongs. Under Regulation, would not those who would control the land during the eighty-year lease period receive a benefit from the increase in the value of the land due to the growth and development of the community?

No. The decrease in the value of the lease estates in the land, due to the constant decrease in the length of the lease period, would be sufficient to offset the increase in the value of the land due to the growth and development of the community.

The following question will occur to the thoughtful economic student. The wealth of the country may be divided into three classes: first, land; second, the machinery of production and distribution, commonly termed productive machinery; third, the wealth that is neither land nor productive machinery. Regulation would remedy the wrong that is done the people by reason of the unnatural, unjust, and inequitable division of the wealth that is land and of the wealth that is productive machinery; but would it remedy the wrong that is done the people to-day by reason of the unnatural, unjust, and inequitable division of the wealth that is neither land nor productive machinery?

The present unnatural, unjust, and inequitable division of this class of wealth is due to the private monopoly of the land and an unnatural, unjust, and inequitable division of production.

Regulation would restore the title to the land to the people and would effect a natural, just, and equitable division of production.

As the private monopoly of the land and an unnatural and unjust division of production has resulted in an unnatural, unjust, and inequitable division of the wealth that is neither land nor productive machinery, so a return of the title to the land to the people and a natural, just, and equitable division of production would result in a natural, just, and equitable division of the wealth that is neither land nor productive machinery.

Might the people fail to attain the object of Regulation on account of the inefficiency or dishonesty of public officials?

This is, indeed, an important question and one that we should ask when considering any proposed remedy for the political ills of the nation.

Under Regulation each district wage board would consider and make recommendations to the national wage board in matters pertaining to the wage scale applying within its district. Each member of each district wage board could promise the people before election to support a certain definite policy, and the people could know at all times whether or not he was keeping his promise. For instance, he might promise to support the existing wage scale, or an increase in wages in certain trades and a decrease in wages in certain other trades. The vote upon each proposal to alter the existing wage scale would be recorded, and the people of the district could learn from the records of the board whether or not he had kept his pre-election

promise. The same in general may be said of the members of the national wage board and of the members of the land and profit boards.

The national money board would, with the advice of the district money boards, determine the interest rates of the country; but, as the money would have a constant value, the interest rate would remain quite constant, and the principal duty of the national money board would be to ascertain each week the market prices and prevailing rates of the various commodities and services of which the multiple monetary unit would be composed, and publish the same. If the prices and rates shown by such reports were not the true prices and rates prevailing during the given week, the people would have incontrovertible evidence that the members of the national money board were inefficient or corrupt.

Members of the national money board would, also, meet each day with the members of the other national boards and so advise and govern their actions that they would make their revisions of the several tariffs in such a way that the price level or the value or purchasing power of the dollar would remain the same at all times. If the total price of the fixed quantities and amounts of the fixed kinds and qualities of the commodities and services of which the multiple monetary unit would be composed should be either greater or less than the fixed total of the unit, the people would know that those whom they had elected as members of the national boards were inefficient or corrupt.

The national money board would, also, increase or decrease the volume of the currency from time to time as conditions would require. If money should become scarce the people would apply to the Government loan offices for loans. The degree of such stringency would be shown by the reports of the Government loan offices, and

if a money stringency should long continue the people would know that the members of the national money board were inefficient. If money should become so plentiful that it could not be readily loaned at a fair rate and such condition should long continue, the people would likewise know that the members of the national money board were inefficient.

The dollar would have a constant purchasing power, and an increase in the wage scale would mean that the workers would receive a larger part of the wealth or production of the country. A reduction in the wage scale would mean that the workers would receive a smaller part of production. Likewise, an increase or decrease in land rents or in the price of raw material would mean that the class that controls the land would receive a proportionately larger or smaller part of production. An increase or decrease in the interest rate would indicate a proportionate increase or decrease in the part of production the interest-receiving class would receive. An increase or decrease in the rates of the tariff of profits would indicate a proportionate increase or decrease in the part of production the profit-receiving class would receive.

Would men be able to evade the law? Would Regulation fail as a remedy because of fraud in the keeping of books of account?

The following are the most important cases where it might appear that fraud could be practiced: (1) fraud as to amount of material used, (2) fraud as to cost of material used, (3) fraud as to price paid for merchandise, (4) fraud as to amount of labor employed, (5) fraud as to wages paid employees, (6) fraud as to cost of rents, (7) fraud as to cost of interest, (8) fraud as to amount of profits, (9) fraud as to cost of construction, (10) fraud in the price charged by retail merchants.

All those engaged in business would be required to preserve invoices and vouchers and to keep accurate books of account, and the bureau of accounts would have power to prescribe the manner in which such accounts would be kept. It would be required that the selling price of all goods in retail stores be marked upon the goods, and that the original stock numbers remain upon them so that inspectors could easily determine the cost of such goods from the invoices.

Inspectors would from time to time examine the accounts of all those engaged in business. These inspectors would be under national supervision, and the accounts and invoices of a firm in any part of the country would be compared with the accounts of those with whom it did business, no matter where located.

If the books of a firm showed more material received than was actually received, their accounts would not agree with the accounts of those from whom such material was purchased, or else the accounts of the latter would show an excess profit; for, if their books showed considerably more material produced with a given amount of labor and fixed expense than was actually produced, their books would show a greater profit than would be permitted by the tariff of maximum profits.⁴

If the books of a firm showed a greater price paid for

⁴ Men might sell material or merchandise at a less profit than that permitted by the tariff of maximum profits; money-lenders might accept less than the maximum interest rate; the landlord might charge a lower rental than that permitted by law; their books and invoices might be made to show the maximum price or rate charged, and the difference between the maximum price and the price actually charged be given to the buyer, borrower, or tenant, so that their profits would be greater than would appear upon their books and would possibly be in excess of the maximum profit permitted by law. The profit permitted by the

material or merchandise than was actually paid, such accounts would not agree with the accounts of those from whom such material or merchandise was purchased, or else the accounts of the latter would show an excess profit.

Fraud as to the number of workers employed could be easily detected, as inspectors would come unexpectedly and would count the number of persons found working.

Regulation would assure work for all, and there would be no reason for any of the people to conspire with an employer to violate the law and work for less than the minimum wage provided by law for their protection.

The amount charged upon the books for rents would have to agree with the accounts of the landlord, and if excessive would show an excess profit to him.

Interest rates would be determined, and excessive rates could not be charged without detection.

The accounts showing cost of construction of railroads, telegraph lines, buildings, factories, etc., could not be padded. What I have said regarding accounts with material, wages, etc., will apply here, so that the original cost of a railroad, telegraph line, building, or factory constructed under Regulation could not be shown upon the books to be in excess of its true cost, nor could interest be charged upon a greater capital than that actually required.

If a manufacturer or merchant charged either considerably more or considerably less than his competitors, his accounts would be closely scrutinized by the inspectors.

tariff of maximum profits would, however, be fixed at rates that would not permit the people to do a profitable business at a considerably lower rate; the price the consumer would pay for such commodity or service would not be in excess of the determined maximum price; and only those who were party to such fraud would suffer, the one party giving a part of his legitimate profit to the other.

The prices of goods in retail stores would be examined by the inspectors and the merchant's profit could not be in excess of that permitted by the tariff of maximum profits.

Under Regulation there could be no fraud in the sale of merchandise. Goods would have a definite value, and none could sell for a greater price.

CHAPTER X

THE LABOR PROBLEM

In our study of the labor problem we may divide the people into two classes. One class is composed of those who receive the part of production that represents wages paid to labor; the other is composed of those who receive the balance of production—the part that represents land rent and raw material, interest, and profits. These classes are commonly called labor and capital.

The labor problem is the greatest problem before the people to-day. I have said that there are eight problems, yet this problem embraces the others in its scope. We cannot study the labor problem without considering the problems of unemployment, trusts, land monopoly, vast private fortunes, high cost of living, money, and the tariff.

The labor problem may be stated thus: What part shall the workers receive of that which they produce?

The labor problem is not only the greatest problem before the people, but it is also the oldest. The condition that has created it is the existence of the two distinct classes, labor and capital, the interests of each being opposed to the interests of the other.

The labor problem has increased wonderfully in importance during the past half-century. This change is due to the following causes:—

First. That division of production that gives a small part to labor and a large part to the other three classes of which the population is made up.

Second. Because of the unnatural ratio between the part of production labor receives and the part the other

three classes receive, the workers are unable to secure and consume all that their labor produces above the part the other three classes consume. A "surplus" is thus created, and men are idle.

Third. That division or distribution of employment whereby a part of the people are permitted to work, while others are denied employment.

Fourth. The growth and development of those large aggregations of capital engaged in the industries of production and distribution, popularly called trusts. These great corporations have largely displaced the small proprietor and the individual worker in the work of production and distribution, causing a great increase in the number of employed and a great decrease in the proportionate number of those who employ—greatly increasing the number that are compelled to sell their labor upon the market and greatly reducing the number of those to whom they can offer their labor.

Fifth. The introduction of modern machinery and the development of modern methods of production and distribution. A large part of the work of production and distribution is now done with the aid of machines that the individual worker cannot own, and that he could not operate by himself if he did own. Thus a large part of the workers of the country are dependent upon an opportunity to work with machinery that is owned by a class that is proportionately small.

Sixth. The tendency of the times toward the combining together of those who have a common interest, resulting in the lines between the two classes becoming more clearly drawn. To-day a few trusts with a common interest in the labor market employ so large a part of the workers of the country that, without a strong organization of the workers, they could control the labor market and dictate the wage scale, not only of those whom they employ but

of all the workers in the country. The organization of the workers is, perhaps, more nearly complete than that of the employing interests.

Seventh. The increasing scarcity and the constant advance in the price of land, which excludes a large part of the people from the land and gives them no choice but to work for those who control the land and the machinery of production and distribution.

Eighth. The constant change in the value or purchasing power of the dollar, requiring a constant readjustment of the wage scales of the country. When the dollar is depreciating—when the prices of commodities are advancing—the workers are compelled to demand an increase in wages; when the dollar is appreciating—when the prices of commodities are falling—employers are compelled to enforce a reduction in wages or else suffer a loss. Every such effort on the part of either employer or employed to effect a change in the wage scale results in a strife between these two classes. The constant recurrence of wage disputes has caused both classes to lose patience and each to regard the other as unreasonable in its demands.

Ninth. The vast fortunes of the few; their display of wealth; the invention and introduction of modern luxuries which, as the people become more accustomed to them, they come to regard as necessities; the better education of the working class; the constant suggestion of better conditions;—these conditions have caused the ideals of the laboring class to rise higher year by year; they are constantly desiring and demanding better conditions for themselves and for their families—better wages, shorter hours, better conditions of employment, better educational opportunities, better homes, more of the comforts and luxuries of life. And these conditions have caused a constant increase in the efficiency of the workers.

The results of this strife between these two classes, between capital and labor, are familiar to every reader. It has resulted in a stronger organization of each class, in strikes and threatened strikes, lockouts and threatened lockouts, acts of violence, the destruction of property, the loss of wages, and the hampering of business operations. The result is therefore a great economic loss to society.

The labor problem is the problem: What part of the production of the country shall the workers receive? What shall be the ratio between the part of production that shall go to the workers and the balance—the part that shall go to those who control the land, those who control the capital invested in the machinery of production and distribution, and those engaged in the industries of production and distribution? It is the problem of the ratio between the part of the dollar that shall represent wages and the part that shall represent land rent and raw material, interest, and profits.

Regulation would solve the labor problem.

Regulation would assure all an opportunity to work and all a just division of production.

Under Regulation a natural and just ratio would be maintained between the part of production that would go to those who control the land, the part that would go to those who labor, the part that would go to those who own the capital invested in the machinery of production and distribution, and the part that would go to those engaged in the industries of production and distribution.

In the preceding chapter I have answered the questions: What is a natural ratio in the division of production? How can it be determined? Would the acts of the majority be fair and just to all? I will not, therefore, discuss these questions here.

Under Regulation there would be no strikes; the wages of the people and their hours of labor would be deter-

mined by boards elected by the people, and labor disputes that are now settled by strikes and lockouts would then be settled at the polls.

Among the conditions that have created the labor problem I have named unemployment, trusts, land monopoly, the constant change in the purchasing power of the money, and the vast private fortunes of the time. Regulation would cure each one of these conditions. These conditions are discussed in chapters that follow.

CHAPTER XI

THE PROBLEM OF UNEMPLOYMENT

Since society has created a condition that makes employment as necessary to the existence of a part of the people as the air they breathe, upon society rests an obligation to guarantee to every man an opportunity to labor and be self-supporting.

The people have no more right by their laws and customs to permit a part of the people to work and to deny this right to others than they have by their laws and customs to give to a part of the people the right to the use and enjoyment of the land and to deny the same right to others by fixing conditions precedent to their entering upon the land that a part of the people cannot comply with. Under primitive social conditions this condition of dependence of a part of the people upon others for their very existence, this need of employment, did not exist; it is an artificial condition created by society.

No improvement of any consequence can be had in present economic systems and present conditions without displacing thousands of surplus men from various occupations and pursuits. Any scheme offered as a remedy for present conditions that does not provide a solution of the problem of unemployment is fundamentally wrong.

The following extracts are from articles appearing in *The Outlook* and *Charities* during the year 1908:—

"In New York City the number of men and women out of work the past winter, who ordinarily are employed in gainful occupations, is estimated at not less than 200,000, and there are those familiar with the conditions who believe that the

number is largely in excess of these figures."—*The Outlook*, May 23, 1908.

"A conservative estimate of the whole problem * * * indicates that there are at present in the city [Chicago] not less than 75,000 men out of employment, upon whom there are dependent not less than 150,000 women and children."—*Charities*, February 8, 1908.

"Fifty per cent of the coal miners of the Pittsburgh district were out of work from December to July. That means almost 20,000 men, excluding the Connellsville district. At the present time, usually the busiest season of the year, thirty per cent of the miners are unemployed, while those at work are on part time.

"Unemployment has lost the Mechanics' Union half of its lodges, while its power is completely gone. A majority of its former 3,000 members have been out of work for a year. Iron moulders to the number of 1,500, constituting almost two thirds of the skilled men of the trade, have been out of work since last November. One third, or about 500 boilermakers, are now idle. * * *

"Of the six or seven hundred transport workers employed on the rivers around Pittsburgh, over ninety per cent are idle, and have been the greater part of the year. Over 200 union printers were out of work during the first half of this year. As many more non-union printers were unemployed. * * *

"Of the 5,000 union carpenters in the Pittsburgh district from sixty to sixty-five per cent are now idle, while those who work have had their wages reduced. * * * Three fourths of the bridge and structural iron workers were idle for eight months, beginning in October, last year."—*Charities*, November 14, 1908.

"Experience has taught us that periods of unemployment are accompanied by the moral deterioration as well as the physical breakdown of many of our workers. Viewed from the social rather than the individual point of view, the effects of unemployment result in an enormous cost to society. * * * That there has been an increase of crime and in the number of criminals because of unemployment the past winter, the records of courts and jails and penitentiaries bear all too convincing proof. In New York City, for illustration, in the short space of time,

of three months, as many as eight hundred and fifty penniless and homeless persons voluntarily appeared before its magistrates and were committed to the workhouse. * * * With the passing of winter the physical necessities of the unemployed population as regards food, clothing, and shelter have lessened, but at the same time many who somehow have come safely through the winter are in a deteriorated physical condition, with the probability that they will continue to add to the number of the sick and diseased and dependent. Also of importance is the fact that many have exhausted not only their savings but their credit."—*The Outlook*, May 23, 1908.

The subject of unemployment may be divided into two parts, actual unemployment and contingent unemployment or the danger of or fear of unemployment.

The extracts that I have quoted set forth the seriousness of the condition of actual unemployment during a period of business depression. There is never a time in this land of industry when there are not able-bodied men willing to work that are unemployed. At the time of this writing (February, 1912), during a period of normal business conditions, the newspapers are frequently confirming the report that there are thousands of destitute unemployed in all the centers of population and industry of the country, and the conditions at home are not worse than those in England and in other European countries.

Unemployment is due to the existence of a supply of labor in excess of the demand of the industrial world. When such condition exists, not only those suffer who are out of work, but all those who are employed feel the influence of the oversupply. Those who are able to secure work must accept the terms offered by employers, for they know that others are anxious to take their places. Men attempt to underbid each other for an opportunity to work. Those who are employed are harassed by the fear of losing their positions.

Thus we find that, because of the existence of the unem-

ployed, all those who work suffer because of the condition of contingent unemployment, and that this is in itself a grave problem affecting the independence of the people.

The causes that produce the condition of unemployment are:—

First. An unnatural and unjust ratio between the total production and the part of production that labor receives—between the dollar and the part of the dollar that goes to labor—so that the people are unable to buy with their wages all that they produce above that which the other three classes consume, and what is termed an oversupply is created. Even with our modern methods of production, there has never been a time when the people have created more than they have had need of.

When the relative size of the four parts of the dollar representing land, wages, interest, and profits, is out of a natural and just proportion, so that the part that represents wages is smaller than it should be—when the wages of the people are small in proportion to what they produce—then the people cannot buy back with their wages that which they have created, not even so much as they have need of; an oversupply is declared to exist; manufacturers curtail their production; employers lay off a part of their employees; and a surplus of labor is created.

Second. The monopolization of the land has caused too large a part of the people to seek employment in the cities; too small a part are engaged in agricultural pursuits. Because the land is difficult of access, because the poor man cannot easily secure land and engage in agricultural pursuits, too many of the people are dependent upon an opportunity to work in the building trades, in factories, stores, and offices, which results in an oversupply of labor in these trades.

Third. The immobility of the population. Thousands may be idle in the New England manufacturing towns,

yet the scarcity of men in the harvest fields of the West be so great that crops are lost for want of harvesters. The factory workers are not inured to the heavy labor of the field and the life would be strange to them, nor can they afford to leave their homes and travel across the continent in order to secure a few weeks' work. We must at all times, so far as possible, provide work in the factories for the factory workers and upon the farms for the agricultural class.

Fourth. During periods of industrial depression and financial panics the number of unemployed is very large and the condition far more serious than during periods of normal business conditions. The causes of industrial depressions and financial panics are:—

(a) The inability of the people to buy with their wages that which their labor has produced. This is caused, as I have already explained, by that distribution of wealth or division of production that gives too small a part to labor and too large a part to the three classes of which the balance of the population is made up.

(b) A scarcity of money. This may be due to the demands of the commercial world expanding without a proportionate expansion of the currency, or to a contraction of credits without a proportionate expansion of the currency, or it may be due to a concerted action on the part of a few that control a large part of the money of the country, in withdrawing money from circulation.

(c) Speculation in stocks and commodities and the failure of speculative business enterprises has always been an important cause of financial panics. This condition has not only been a direct cause of panics, but it has also made the effect of the panic worse and has always prolonged its duration.

(d) Periods of business depression are preceded by periods of unusual industrial activity and general pros-

perity. During such times the workers are encouraged to buy land far in excess of the amount for which they are able to pay, agreeing to pay the balance in installments or assuming a mortgage for the unpaid portion of the purchase price; many of the people mortgage land in order to secure money with which to engage in business, or to invest in more land. When the industrial depression or financial panic overtakes them and many are unable to secure employment and the wages of those who are employed are reduced; when the price of land is falling; when money is scarce and interest rates are high and creditors are demanding prompt payment in order that they may meet their own obligations;—then the demand for money is increased and the condition of the people made far worse by reason of their having bought land far in excess of that for which they were able to pay.

Under Regulation periods of industrial depression and financial panics would be unknown.

(a) The ratio between wages and land rent and raw material, interest, and profits would be so regulated that the workers would be able to buy with their wages all the production of the country except the part the other three classes would consume. There would therefore be no overproduction.

(b) There would be no scarcity of money. The money of Regulation would be elastic, expanding and contracting to meet the requirements of the commercial world; the Government would stand ready at all times to loan money in any amount, upon any kind of safe security, at a fair interest rate; the "money trust" would be broken. No matter how much money a few might control and withdraw from circulation, the money of the Government would flow from an inexhaustible fount and would stand at a fixed level.

(c) Under Regulation there would be no speculation

in stocks and commodities. Because of the regulation of the four factors in price, stocks and commodities could not be sold at more than a normal profit. "Wildcat" companies could not exist, and the stocks of corporations could not be watered. Stocks would not fluctuate in value as they do now; speculation in stocks would be destroyed; and the buying of stocks would be a safe investment for the people. Stocks would be worth their market price unless due to mismanagement of the business of the corporation or to natural conditions that may cause the failure of a business enterprise, such as floods or crop failures. Under Regulation a company with a million dollars of assets could only issue a million dollars of stock, nor could it make its books show assets in excess of their true worth.

(d) Under Regulation speculation in land would be done away. During the eighty-year lease period land values would be determined by the rental fixed by the land board and the length of the unexpired part of the eighty-year lease term, decreasing in value as the length of the term of the lease would reduce each year. During the eighty-year lease period there would be no fluctuation in land values; the people would not be tempted, as now, by the possibility of making a fortune from an increase in land value. At the close of the lease period the entire and absolute title to the land would revert to the Government.

Thus we find that Regulation would destroy all causes of periods of industrial depression and of panics, and that panics could not occur under Regulation.

Regulation would solve the problem of unemployment.

First. It would provide a means by which a just division of production would be effected. Under Regulation the production of the country would be divided between the four classes in a ratio that would be natural,

just, and equitable. The wages of the workers would permit them to secure all the production of the country except the part the other three classes would consume, and there would be no production in excess of the people's ability to buy and consume.

Second. The land would be easier of access. Land rents, both in the cities and in the agricultural districts, would be regulated and reasonable. The people would be protected against exorbitant charges of those who control the raw material of the country.

Third. The work of the country would be divided among all the people so that all that were willing could work and participate in the distribution of the wealth created by the people.

Fourth. There would be no panics or periods of industrial depression.

Regulation would assure all an opportunity to work and all a just division of production.

CHAPTER XII

THE PROBLEM OF THE TRUSTS

Within the memory of the people to-day, industrial organizations with large capital began to enter the various fields of production and distribution in competition with the individual and the small concern. Then was born a new problem, the problem of trusts and monopolies. The trust has been an important factor in the progress of the industrial world.

The term "trust" was originally applied to a holding company, that is, a corporation organized for the purpose of holding a controlling interest in the stock of a number of corporations. The main purpose of the organization of such holding company was to secure united action on the part of the several corporations thus controlled. The main object of such united action was the regulation and control of buying prices, selling prices, and output or production of the commodity or commodities in which the several corporations thus bonded together dealt, or the regulation and control of certain business within a certain district and the fixing of rates and wages, as in the case of railroads and telegraph companies.

The people were not inclined to make a technical distinction between different companies on account of technical differences in their charters or in their modes of organization, where their objects, methods, and effect upon economic conditions were clearly identical. The people came, therefore, to apply the term trust to all industrial organizations whose object was to regulate prices or to regulate or restrict production or supply, whether,

according to the technical form of their organization and charter, they were holding or trust companies or simple corporations.

A trust, as the term is used to-day, is an industrial organization with large capital whose purpose is to regulate the cost of production, to regulate and restrict production, and to regulate the price of commodities, or to regulate the cost of and the price of service.

A monopoly is an industrial organization that enjoys freedom from competition in carrying on the business for which it is organized.

Few, if any, of the monopolies to-day are absolute, and the term is applied to large corporations that have so far destroyed competition that they are able to control markets and fix buying and selling prices, or fix the rates charged for service.

Originally the purpose and effect of a trust was to bind together a number of concerns for the sake of the greater strength of the larger organization; they were not necessarily monopolies. But to-day nearly all trusts are organized for the purpose of securing a monopoly in the sale of some commodity or service, and the terms "trust" and "monopoly" are often used together and are used almost interchangeably.

While history tells of monopolies granted to corporations by charters granted by kings several hundred years ago—monopolies in the sale of certain commodities or in trading in certain districts in their foreign possessions—yet the problem of trusts and monopolies has risen to its present place of importance with other economic problems within the memory of the people to-day.

The development of these large industrial organizations with immense capital, with immense plants equipped with the most modern labor-saving machinery, with armies

of employees working under the direction of men of unusual directive ability, has resulted in the production and distribution of commodities with only a small fraction of the labor heretofore required, or even of the labor that would be required to-day if the same production occurred in small factories or was carried on by companies with only a small capital and a relatively small production.

The people must be brought to realize and understand that every new development of the times that reduces the amount of labor required to produce a given amount of commodities is, or should be, for the benefit of all.

We must consider the cost of living, not in dollars but in hours of labor. If, under present conditions, a reduction in the amount of labor required to produce a given amount of commodities does not result in a decrease in the amount of labor required of the people that they may enjoy the same comforts as before, the fault is due to an unnatural ratio between the part the people receive of that which they produce and the part that represents land rent and raw material, interest, and profits; it means that the part of the dollar that represents wages has grown smaller and the part that represents profits has grown larger; it means that it has become harder for the people to buy back with their wages that which their labor has produced, that a surplus is being created that the people cannot buy, yet that they must consume or else remain idle for a time until it has disappeared.

These large organizations have driven thousands of their smaller competitors out of business and have closed the door of opportunity to thousands of others that would otherwise have entered their fields of operation. In so far as this is due to the fact that the larger organization can produce and distribute with a smaller expenditure of labor than the smaller companies, this is good. In so far as this is due to the practice charged against many of the

large corporations of forcing smaller competitors out of their fields and then advancing prices beyond the prices at which the smaller concerns would have sold the same commodities or service under competition, this means a direct loss to the people.

Fewer men have been required because of the more economical methods of production and distribution of the larger organizations, and, since society has made no provision for the employment of the men thus displaced, nor have the trusts which have been directly responsible for their displacement, many of these men have suffered because of unemployment.

The trusts own and control a large part of the land of the country, land upon which railroads, pipe lines, and telegraph lines are built; coal, iron, and copper mines; timber lands; water and water-powers; and large tracts of agricultural lands. Few of these organizations could exist in a form menacing to the people without enjoying this ownership and control, this monopoly, of the land.

Many of these trusts charge too great a price for the raw material they thus control; they pay too small a wage to the people they employ; they charge too great a profit upon the commodities or service they sell to the people.

The trusts have exerted a powerful influence in political matters and have therefore been able to secure tariff legislation in the interests of the trusts and against the interests of the people.

We find, then, that the production and distribution upon a gigantic scale, made possible under present conditions only by the development of large corporations, has reduced the amount of labor required to produce and distribute all that is produced and consumed in this country; that this should have resulted in a decrease in the amount of labor performed by the people, or in an increase in the amount

of necessities and luxuries their wages would buy,—that this decrease in the amount of labor required in the production and distribution of the country should have resulted in a benefit to all the people.

We find that the trusts derive their power:—

(a) Because they are larger than their competitors, have greater capital, and can produce and distribute with a greater economy in labor. This production and distribution upon a large scale, effecting an economy in labor, is a condition that must be retained and made to benefit all the people.

(b) Because of their power to fix, arbitrarily, buying prices, selling prices, and the wages of their employees.

(c) Because of their monopoly of the land.

(d) Because of their influence in the fixing of tariff schedules.

We find that the trusts are a menace to the people:—

(a) Because they fix arbitrary prices, that is, they fix arbitrarily the ratio between land rent and raw material, wages, interest, and profits.

(b) Because they employ so large a part of the labor of the country that, by a united action, it is possible for them to create a great surplus of labor and dictate wages and hours of employment. This condition has caused the workers of the country to organize in order that they may deal collectively with their employers, create a monopoly of labor throughout the country, and restrict the amount of available labor whenever this may be necessary in order to enforce the demands of labor against its employers. This has produced a constant strife between two large and important classes of the people and an unstable condition in the industrial and commercial world.

(c) Because they own and control a large part of the land.

(d) Because they have power to influence tariff legislation.

In order to find a scientific solution of the problem of the trusts, we must retain the advantages of the easier and more economical, more labor-saving, mode of production and distribution of the large organizations; we must make provision for the men and women that are displaced by labor-saving methods of production; we must protect the people of this and future generations against the monopolization of the land; we must destroy that part of the strength of large corporations that they derive from a monopoly of the natural resources of the country; we must regulate the price charged by them for raw material, the wage paid to their labor, and the profit they may charge; we must fix a natural, just, and equitable ratio between the part of the price they charge for a commodity or service that represents land rent and raw material, the part that represents wages paid to labor, the part that represents interest upon the capital invested in their enterprises, and the part that represents profits.

Under Regulation the power of the trusts that is derived from their power to fix arbitrary prices would be destroyed. They could no longer own and control the raw materials of the country and charge too high a price for them, that is, charge too great a profit upon their operations in the raw materials, for a board of men elected by the people would fix a tariff of maximum prices of raw materials. They could not create an oversupply of labor and secure it upon their own terms and for a small wage, for a board of men elected by the people would fix a tariff of minimum wages by which they would be governed in all their operations. They could not fix the price of commodities or service so as to allow as large a margin of profit as avarice might dictate, for a board of men elected by the people would fix a tariff of maximum profits by which they

would be governed. The ratio between the part of the price of the commodity or service that would represent land rent and raw material, the part that would represent labor or wages, the part that would represent interest, and the part that would represent profits would be fixed by the people through their land board, wage board, money board, and profit board; and the tariffs of these boards would be expressed in dollars that would not fluctuate in value, dollars that would have a fixed purchasing power.

Under Regulation the power of the trusts that is derived from their monopoly of the land would be destroyed. The people would declare themselves to be the rightful owners of all the land, and would substitute for absolute, perpetual title to the land, long-term leases in which the people would reserve the right to establish reasonable restrictions from time to time and to fix land rents and the price of raw material. After two generations had passed away the people would come into the occupation of all the land, after which time they could grant new leases to the lands upon which railroads, pipe lines, and telegraph lines are built, to coal and mineral lands, to water and water powers; or they could purchase the improvements upon the land and engage in operating the railroads and other public utilities, the mines and power plants, and in other similar enterprises.

Under Regulation the people would not suffer or fear unemployment on account of the introduction of labor-saving machinery and modern methods of production and distribution. The hours of labor would be so regulated that there would at all times be employment for all the people. The land would be easier of access, and many of those displaced would find homes upon the land.

Under Regulation the trusts could not, as now, secure a tariff duty on certain commodities so high that it would prohibit their importation from other countries, and then

raise the price of these commodities manufactured at home under the protection of the tariff, granting little or no increase in wages to those who are the actual producers, but mainly increasing the wide margin of their profit.

Under Regulation public opinion would not be divided upon the tariff policy of the country, for there is but one tariff policy compatible with the principles of Regulation. This policy is just to all and definite in detail. Under Regulation none would fear tariff legislation in the interests of the trusts and against the interests of the people.

CHAPTER XIII

THE LAND PROBLEM

(1) God has given the land to the people of each generation in the same right in which he has given it to the people of every other generation.

(2) The people of the first generation came upon the earth possessed of an equal right to the free use and enjoyment of the land.

(3) The people of each succeeding generation have come upon the earth possessed of the same natural right as the people of the first generation.

(4) The people of each generation have the right to make laws governing themselves. The right to govern is derived from the consent of the majority of those governed. The majority have the right to make laws governing all the people of their generation.

(5) The people have no right to make laws restricting the rights and liberties of the people of future generations.

(6) The rights and liberties of the people of the present generation cannot be denied them because of the laws, acts, or customs of the generations past.

The people of the present generation came upon the earth possessed of an equal natural right to the free use and enjoyment of the land, and this right cannot be denied them because of the laws, acts, or customs of the generations past, to which they have not and could not have given their consent. This is the Doctrine of Free Land, and it is founded upon the six principles that I have set forth above.

When God created man, he created the land, and he created in man the necessity for the things that can be secured only from the land. These are the necessities of all the people, not only of the rich but of the poorest as well. To put a price upon the land and exclude those who cannot pay is contrary to nature's plan, against the law of nature, and against man's natural right.

The poorest child has an equal right with the most fortunate to the land, and any condition precedent to the enjoyment of its natural right that the poorest child cannot comply with is wrong.

In every community where population is increasing and the people are industrious, there is a constant increase in the value of the land that is due, not to the efforts of those individuals that own and monopolize the land, but to the growth and development of the community. This value in the land is termed the "unearned increment." It is created by society, and to society (the people collectively) it belongs.

All value in land is created by society. The individual owner cannot enhance the value of his land except as he, as a member of society, contributes to the growth and development of the community. He may clear the land and fence it, he may plow and enrich the soil, he may plant trees in the ground and build houses upon it; but he cannot enhance the value of the land except as he, as an individual member of society, by his industry contributes to the growth and development of the community. He adds to the value that society has given to the land the value that he has given to the improvements upon the land, and thus makes the real estate (land and improvements) more valuable.

All value in land belongs to society, which created it.

Forty years ago a man bought a lot in a Western town

that has since experienced a phenomenal growth and is to-day an important seaport and commercial center. The lot was some distance from the business center of the little frontier town, which then had only a few hundred inhabitants. Old residents tell me that the purchaser paid not more than eight hundred dollars. He still owns the lot. It is now the center of the retail, banking, and office district of a thriving city of three hundred thousand people. The owner has never spent a dollar in improving this land. Years ago a tenant leased the ground and built a poor one-story structure upon it. This building stands upon the land to-day surrounded by tall modern office buildings, and for thirty years the owner has derived a revenue from the rental of this property. The land is valued to-day at eight hundred thousand dollars. In forty years the value of this land has increased from a few hundred to eight hundred thousand dollars.

Who has created, or what has given the land, this value?

The three hundred thousand people that have gone to this Western city from all parts of the country and have made their homes there, that have built homes and schools and mills and stores and office buildings; the three hundred thousand people that have operated the manufacturing industries of the city and have spent their earnings in its stores and amusement places; the three hundred thousand people that have been taxed to build its miles of streets and boulevards, its water and sewer systems, its docks; the three hundred thousand people that pass this property every day, that crowd the street cars morning and night;—they have created, during the past forty years, this increase of nearly eight hundred thousand dollars in the value of this land.

How have these three hundred thousand people been benefited by the increase in the value of this land? What

part have they received of the value they have thus created?

They have received no benefit whatever; they have received no part of the value they have created. Because they have enhanced the value of all the land in the city, the merchants must pay higher rents and the people must pay more for everything they buy. When those who have created this value in the land desire to secure a site for a home, they must pay many times more for a lot than they would have paid before the increase in value that they have produced had occurred.

Five years ago I could have purchased logged-off lands from loggers and mill owners in Western Washington for from four to six dollars an acre. Two years later the price of these lands had advanced to from eight to fifteen dollars, and to-day the same land is held at from twenty to twenty-five dollars an acre. Thus the value of these unimproved lands has doubled twice over in the past five years.

What have the owners of these lands done to produce this increase in value? They have done nothing to enhance the value of their lands.

Who has created, or what has given the land, this value?

Within recent years thousands of people have gone from all parts of the country and made their homes in Western Washington. Many of these people have located in the cities and towns, thus helping to build up the towns and create better markets for the products of the land. Others have bought farms and have settled upon them. Railroads have extended their lines; new communities have been established; stores and schools have been brought nearer to these lands; roads have been built and the lands made more accessible. Thousands more are expected to settle in this district within the next few years.

Thus we find that the increase in the value of these unimproved lands has been due to the efforts and the industry of the people of Western Washington who have built up and developed both its cities and its agricultural districts, and that even those who have not yet settled there but are expected to arrive in the future, have given the land an increased value.

In the Western city of which I have spoken there are two hundred and fifty thousand lots, of which one fifth or fifty thousand are improved; four fifths or two hundred thousand of the lots within the city are unimproved. These two hundred thousand lots were bought and are now being held by people, many of them working-people and people of small means, not because they have need of them but for speculation—they bought them purposing to hold them for an advance and sell again at a profit. To many of these people a small piece of unimproved property represents the savings of years of toil and sacrifice.

Speculation in land—the buying of land, not to use but to hold for an advance and sell again—creates an artificial scarcity of land and gives the land an artificial value. Because of speculation in land, this city of three hundred thousand people covers an area large enough to provide homes for more than a million. The working-people of the city must go miles from the business district and from their places of employment in order to secure homesites, and for such must pay a sum that represents the savings of years of economy and toil.

Speculation in any commodity creates an artificial scarcity by withdrawing from the market that which is held for an advance; it gives such commodity an unnatural, an artificial value and makes it difficult for the people to obtain. Speculation in those things that are necessary to life is vicious.

In our study of the problem of land monopoly we find:—

(a) That the land is the natural heritage of all the people; that all have an equal right to the natural resources of the country.

(b) That under our present system of private ownership of the land many are excluded from it.

(c) That the increase in the value of the land should be for the benefit of all the people. That under our present system of land monopoly those who own and monopolize the land secure all the benefits of such enhanced value, while those who create the value are burdened with higher rents and higher prices because of their service to society.

(d) That speculation in land is unnatural and wrong, and places a heavier burden upon the people.

(e) That a great wrong is done a large class of the people by the continuance of the present system of land ownership.

(f) That to confiscate the land would be unjust to a large and important class of the people.

If one man has invested his savings in land, while another has put his savings in a bank, and a third has invested his savings in a stock of merchandise, it would not be just to take the land from the one, while protecting by law the money in the bank and the goods of the merchant.

The problem before us, then, is to find a means by which we may deal fairly with those who are now excluded from the land without doing injustice to those who, in an effort to provide for themselves and for their children, have put their savings into the land.

Those who favor the single tax propose that we “abolish all taxes save one single tax levied on the value of land, irrespective of the value of the improvements in or on it”;

that this tax be equal to the full rental value of the land, so that its full earnings will go to the Government and there will be no part left to those who hold title to the land. Single tax would take from the people immediately the value of their land, while leaving them the empty title.

Regulation would take from the people immediately the absolute title to the land, giving them a lease estate instead; but they would retain the value of the land, or the right to occupy and use it, until two generations or more had passed away. Although the land would not revert to the people until eighty years after the remedy that Regulation offers had been applied, and those who now own the land could continue to occupy and use it during such period, yet it would give immediate relief to the people without doing injustice to those who are now the owners of the land.

After the adoption of the remedy of Regulation those who now own the land could not appropriate the increase in its value due to the growth and development of the community. Speculation in land would cease. A board of men elected by the people would fix a tariff of maximum prices of raw materials and maximum land rents. The people would be protected against the charge of exorbitant prices for raw materials and exorbitant land rents. The land would become more easily accessible to the people.

Under Regulation those who now own the land would not be disturbed in their possession, but could occupy and use the land as now, without any restriction except that they would not be allowed to charge an unjust price for raw materials, for products of the soil, or for land rents, or to derive an unjust profit from the rental of the land or from the sale of their estate in the land. Their estate in the land would be the right to occupy and use it until the end of the eighty-year lease period. They could rent

the land during this period; they could sell their right in the land; they could devise their right, and those to whom such right would descend by inheritance would take all the right of the present owner. The absolute, perpetual, inheritable right to the improvements upon the land, such as buildings, land clearing, fencing, preparation of the soil, and improvements of whatsoever nature, would not be affected.

At the end of the eighty-year lease period the people then occupying the land and owning the improvements upon it could continue to occupy it by paying the Government a fair rental according to the value of the land exclusive of improvements. If those who occupied the land at the end of the lease period and to whom the improvements belonged did not elect to continue to occupy it, then whoever should rent the land from the Government would be compelled to pay them a fair price for their improvements.

The value of an eighty-year estate in land is to-day about eighty per cent of the value of an absolute, perpetual title. However, the people are influenced so largely in the purchase of land by the incentive to provide for themselves and for their children, and so little by the incentive to provide for their children's children and for after generations, that, if all land were held under such a lease and no absolute, perpetual title to land could be had, the people's desire to own land would be as great as now, and, therefore, at the beginning of such eighty-year lease period its value would be but little affected by the prospect of the termination of the owner's right in the land at a time long after he had passed away.

CHAPTER XIV

THE PROBLEM OF VAST PRIVATE FORTUNES

The political and industrial conditions of the past half-century have favored the amassing of vast fortunes by the few. The concentration of so much wealth and power in the hands of a few is recognized to-day as a great menace to the people.

Some have proposed that a heavy tax be levied upon the wealth of the rich. It would be far better, however, to permit men to acquire only that to which they are justly entitled, rather than to permit them to acquire more than their just share and take from them again a part of such wealth by an income tax or an inheritance tax.

The conditions that have encouraged or permitted the accumulation of vast private fortunes are:—

First. There has been an unnatural and unjust ratio between the parts of production the four classes have received, so that the people have received too small a part and a few have received too large a share.

Second. Men have been permitted to secure monopolies by tariff legislation, by public franchise, by patent, and by crushing out competitors.

Third. They have been permitted to charge the highest prices the people could pay, and to pay the smallest wage for which they could secure men to operate their industries.

Fourth. Men have been permitted to monopolize valuable lands and to appropriate to themselves the value in the land due to the growth and development of the community.

Under Regulation a natural, just, and equitable ratio would be maintained between the parts of production the four classes receive—between the part of the dollar that represents land rent and raw material, the part that represents labor or wages, the part that represents interest, and the part that represents profits.

Under Regulation the people would be permitted to acquire only that to which they are justly entitled. None could then secure a monopoly and charge exorbitant prices, while paying the lowest wage for which they could secure labor. The profits of all would be regulated, and a minimum wage scale would be maintained.

Under Regulation the increase in the value of the land due to the growth and development of the community would not increase the wealth of a few, but this value in the land would be appropriated by society, which creates it.

CHAPTER XV.

THE PROBLEM OF THE HIGH COST OF LIVING

The problem that has been most discussed and in which the people have manifested the greatest interest during the past few years is the problem of the high cost of living.

The condition may be attributed to three causes:—

First. The general level of prices is constantly changing; within recent years it has been constantly rising. Under a good money system the price level would remain constant. We may say, therefore, that this condition is due to our money system.

Regulation would provide a money of constant, unchanging value or purchasing power. Under Regulation a given amount of money would purchase the same amount of commodities generally or averaged at all times. This subject is more fully discussed in the following chapter.

Second. The people receive too small a part of that which they produce. There is an unnatural and unjust ratio between the total production and the part of production the people receive. Therefore, they must work too many hours in order to secure the simple necessities of life.

Under Regulation a just ratio would be maintained between the part the people receive and the total production, between the parts of production each of the four classes receive.

Third. A wasteful system of distribution. Too many are engaged in the work of distribution. This greatly increases the cost of distribution—greatly increases the amount of labor necessary to perform the work of distri-

bution—and increases the cost of living of the people, whether we consider the cost of living in dollars or in hours of labor.

If the number of men engaged in the mercantile business of the country was materially reduced, and those remaining in business were able to do a large business without being put to a heavy expense to secure and maintain their trade, they could well afford to do business upon a much narrower margin of profit.

Competition increases the cost of distribution. This is well illustrated by the immense advertising bill the people of the country are compelled to pay each year. Consider the number of hours of labor this represents. This does not add to the wealth or comforts of the people; this labor does not create anything useful—anything that the people can eat or wear or enjoy in any way.

Under Regulation a board of men elected by the people would fix a tariff of maximum profits; the profits of all those engaged in business would be regulated. The maximum profit the merchant would be allowed to charge would be so fixed that he would be compelled either to do a large business or else to become a producer. There would be fewer merchants; those engaged in business would do a larger business; the cost of doing business would be greatly reduced; they could afford to do business upon a smaller margin of profit; their profits would be regulated by the people, and they would be permitted to charge only a fair profit. Regulation would provide employment for all, and none would suffer because of the increase in the number of producers that would result.

CHAPTER XVI

THE MONEY PROBLEM

When the price of commodities generally or averaged rises, the purchasing power of money is reduced or, in other words, money depreciates in value; when the price of commodities falls, the value of money appreciates.

A depreciation in the value or purchasing power of money is as truly a loss to the people as the loss of a part of the dollars they have saved or a reduction in their wages. It is not sufficient that a man receive the number of dollars agreed upon, but he should receive the value or purchasing power agreed upon—he should receive dollars of the value or purchasing power agreed upon.

If I were to borrow one hundred dollars of you and agree to return the money with five dollars' interest in one year, and if during that time the purchasing power of the dollar depreciated ten per cent, so that one hundred dollars would only purchase as much as ninety dollars would have purchased at the time the loan was made; then at the end of the year I would pay you one hundred and five dollars, but the money you would receive, both principal and interest, would exchange for less of commodities generally than would the principal at the time the money was loaned to me. It is as if I were to borrow one hundred bushels of wheat, promising to return to you one hundred and five bushels after the harvest; during the intervening time the bushel measure is, by common consent of the people of the community, reduced in capacity one tenth; then at the time agreed upon I would return to you one hundred and five bushels, measured with the reduced measure, but al-

though you would receive one hundred and five bushels, you would actually receive less wheat than the hundred bushels you had loaned to me, although it had been agreed between us that you were to receive one twentieth more than the amount loaned.

Every change in the value or purchasing power of the dollar alters the terms of every existing contract whose terms are expressed in money, without the consent of the parties to the contract.

When commodities are appreciating—when money is depreciating—the wages of the people are reduced; they receive less for their labor than was agreed—not less money but less value. They suffer a loss until they secure a proportionate increase in wages. The people have no accurate means by which they can determine the amount of such increase in the cost of the things they buy, and employer and employed will most naturally disagree as to the advance in wages required to offset such change in the value of the money in which their wages are paid. The people cannot secure an increase in wages without making a strong demand. The necessity of their making frequent demands for an increase in wages during a period of advancing prices results in a more strained relation between employer and employed. When prices are falling—when the value or purchasing power of money is appreciating—employers are compelled to pay more than was agreed until such time as they can effect a reduction in the wages of their employees. Every such reduction is sternly resisted by the workers.

This constant readjustment of the wage scale of the country to equalize changes in the price level—in the value of money—results in strikes and threatened strikes, lockouts and threatened lockouts, the hampering of business operations, a great loss both to employers and employed, and a great economic loss to society.

When money is depreciating—when prices are rising—the creditor receives less than was contemplated, not less money but less value. When money is appreciating—when prices are falling—the debtor is compelled to pay more than was contemplated, not more money but more value.

When money is depreciating, all that have money in banks and all that have money loaned suffer a loss. When money is appreciating—when the prices of commodities are falling—those who have stocks of merchandise suffer because of the depreciation of their goods.

A depreciation of money reduces the value of every life insurance policy in the country. If a life insurance policy for ten thousand dollars, written fifteen years ago, is paid to-day, the beneficiary will receive but little more than half the value that was contemplated by both parties to the contract at the time the policy was taken, for ten thousand dollars will buy only as much to-day as six thousand dollars would have bought fifteen years ago.

Byron W. Holt, writing in *Everybody's Magazine* for April, 1910, says:—

“Because of rising prices, the dollar of 1896 now looks like sixty-two cents. At the butcher's store it looks like only forty-six cents, having lost more than half of its purchasing power in beef, pork, and mutton.

“In view of all the facts, we are inclined to agree with the statement of Mr. William C. Brown, President of the New York Central Railroad, who, on January 12th, said:—

“The most portentous cloud discernible upon the political or economic horizon, at this time, is the steady, relentless increase in the price of everything that goes to make up the cost of living.”

“In the past thirteen years (July 1, 1896, to January 1, 1910), the cost of living has advanced more than 61 per cent. In the past eighteen months it has advanced 19½ per cent; in the past year 11.2 per cent; and in the past four months 7.4 per cent. * * *

"The one general and permanent cause—the one most nearly fundamental—to explain the universal, prolonged, and important rise in the price level is found in the depreciating value of gold."

How can the people maintain a fixed or steady price level?

By adopting a money system that will provide a money of constant value or purchasing power—a money that will purchase the same amount of commodities averaged at all times.

We find, then, that the problem of the varying price level or varying cost of living is but one phase of the money problem.

If three of the richest men in the land were to act concertedly in calling in large loans and withdrawing large sums of money from circulation, they could create an artificial scarcity of money at any time, they could create a financial panic; they could thus discredit the policy of the political administration. Because a few men hold this power, they are able, by threats, to intimidate those in authority and secure legislation that they desire. By creating such a money stringency they would cause the prices of stocks to fall, and, after buying large quantities, they could put the money withdrawn back into circulation and add materially to their wealth by the rise in the value of stocks that would necessarily follow.

It is, indeed, a dangerous condition that permits a few men to hold such power to destroy the prosperity of the country. And to-day the people realize this danger and fear the operations of the "money trust."

How can the people protect themselves against the danger of an artificial money stringency produced by the "money trust" by its withdrawing from circulation a part of the money that it controls?

By adopting a money system that is so elastic that whenever money is withdrawn from circulation, money will flow in from an inexhaustible supply and take the place of the money thus withdrawn; a money system providing a currency so regulated in volume that there will always be enough money in circulation to meet the demands of the commercial world and never a surplus; a money system so elastic and regulated in volume that all that have good security can always secure money at a fair rate and none need have money lying idle.

There are five attributes or qualities that good money must possess.

(1) It must be generally acceptable without exception. It must be good for the payment of all debts public and private, and all the people must be willing to accept it in exchange for commodities and services and in the settlement of all debts.

(2) It must be constant in value or purchasing power. A given amount of money must purchase the same amount of commodities and services generally or averaged at all times.

(3) It must be elastic and regulated in volume, so that there will be enough money in circulation at all times to meet the demands of the commercial world and never more than is required.

(4) It must be difficult to counterfeit.

(5) It must be made of an inexpensive material.

The money of Regulation would possess these five qualities.

In a preceding chapter entitled "Regulation" I have set forth and fully explained the details of the money system of Regulation as herein proposed, and have answered those questions that may suggest themselves to the reader.

CHAPTER XVII

THE TARIFF PROBLEM

Reviewing the political history of the country for the past fifty years, we find that the one problem that has been most constantly before the people and the one most discussed is the problem of the tariff.

The people have been offered three tariff policies:—

A protective tariff is one that levies a duty upon all commodities imported that can well be produced at home. It may be a prohibitive duty, or a duty sufficient only to equalize the cost of production at home and abroad. Its purpose is not mainly to produce a revenue, but to restrict the importation of those commodities that can well be produced at home.

A tariff "for revenue only" is a tariff levied for the purpose of producing a revenue and not for the purpose of restricting the importation of foreign commodities; such a tariff policy is therefore called "free trade." It is a lower tariff than a protective tariff.

There are some that are opposed to any tariff whatever.¹ Their arguments are similar to the arguments of those who favor a tariff for revenue only.

Those who favor a protective tariff claim:—

(a) A free-trade policy will not materially increase our exports, but under such a policy much that the people consume is produced abroad. There is, therefore, less employment for the people.

¹ This policy is likewise called *free trade*. Some writers use the term to denote only this policy.

(b) Under a free-trade policy the producers in this country must compete in home markets with producers in foreign countries and, therefore, the wage scale of this country can be but little higher than that of those foreign countries whose products enter our markets in competition with our own.

(c) A protective tariff encourages the development of diversified industries.

(d) Under a low tariff much goods must be imported and consumed by the people in order to reduce the cost of living and produce a revenue.

Those who oppose a protective tariff claim, and there is much logic in their argument, that a high protective tariff gives a monopoly to the home producer of tariff-protected commodities; that under present conditions he is permitted to charge the highest price for his goods that the people will pay; that employers combine and exert a strong influence upon the labor market and pay the smallest wage for which they can secure labor; (employers do not pay the highest wage the profits of their business will allow, but the lowest wage for which they can secure labor;) even though the people, by imposing a high protective tariff, enable the manufacturer to charge a higher price for his products, yet he will pay his employees the smallest wage for which he can secure labor. Under a high protective tariff, therefore, the manufacturer of tariff-protected commodities is permitted to charge an exorbitant price for his products—to charge too great a profit; the cost of living is greatly increased; the people are given no protection against low wages; and the ratio between the wages of the people and the price they are compelled to pay for the things their labor produces is out of its natural proportion, so that the people receive too small a part of the production.

Those who oppose a protective tariff contend that the

trusts are able to influence tariff legislation, and that our tariff schedules are made to favor the interests of the trusts and not the interests of the people.

We shall now consider the eight principal arguments in favor of no tariff or a tariff for revenue only.

First. If to restrict our commerce with the people of other countries by imposing a protective tariff will increase our wealth and prosperity, then we should likewise restrict commerce between states, between cities, and even between individuals. Why should the farmer in Northern Minnesota be permitted to exchange commodities freely with those living in Maine and California, but be restricted in the exchange of products with his neighbor living just across the Canadian boundary line?

"If a little is good, more is better," is a poor rule when applied to most things of life. The other questions here involved are treated in the discussion of the fourth and sixth arguments.

Second. Under a protective tariff those who produce tariff-protected commodities are enabled to charge an exorbitant or unjust profit.

This is one of the strongest arguments that have been written against a protective tariff. Under Regulation the profits of those who produce and those who distribute tariff-protected commodities would be regulated, and they could not charge more than a just profit.

Third. When a tax is imposed upon imports, the people are constantly tempted to evade the law and to perjure themselves.

If there were no laws upon our statute books, there would be no violation of law, there would be no law-breakers. Shall we, therefore, abolish all law and revert to a primitive condition of anarchy?

Fourth. An indirect tax, such as a tax upon imports, is paid by the people in proportion to their consumption.

The poor consume far more in proportion to their wealth or income than do the rich and therefore pay more than their share of such tax.

The main function of a protective tariff is not to produce revenue, but to make it possible for the people of a nation by their laws to create and maintain certain economic conditions that it would be impossible for them to maintain if the industries and markets of the nation were subject to the free competition of other countries wherein such economic conditions do not exist. Regulation is a national remedy and cannot be applied within a state or municipality only. Neither could it be applied within the nation were it not possible to place restrictions upon our commerce with foreign countries by a tariff upon imports. It would not be possible to fix land rents and the price of raw material, the price of labor, the rate of interest, and the rate of profit allowed the manufacturer and the merchant, these regulations applying only to commodities produced at home, and to fix and maintain a constant price level, and yet permit commodities to be imported from other countries and sold upon our markets without tariff regulation. It would not be just to determine the price the home producer should charge for his products, and permit the foreign producer to sell his products in our markets without a regulation of the price he should charge. If we are to regulate the profit of the merchant in the sale of commodities manufactured at home, it would not be just or in harmony with the principles of Regulation to permit him to buy foreign-made goods at less than the price he would have to pay for goods produced at home under Regulation and to sell them at the price for which he would sell the same commodities if produced at home, thus making a greater profit than that permitted in the sale of home products; while if he should buy commodities abroad for less than he would

have to pay for the same commodities produced at home, and if he should sell them upon the home market at the profit he would have made if he had sold the same commodities produced at home, then he would sell such commodities at a less price than the price of home products as determined by the tariffs of the several boards, and the importation and sale of foreign-made commodities would, thus, not only cause such commodities to come into unfair competition with the products of the home producer, whose costs and selling prices would be regulated by law and would therefore be inflexible, but such sale of commodities for less than the price determined by the tariffs of the boards would reduce the general price level and cause an appreciation in the purchasing power or value of the money.

The remedy for the present disproportionate condition of wealth is not to be found in a tax upon wealth, but in the destruction of those conditions that make it possible for a few to appropriate more than is justly theirs and thus to acquire vast fortunes. Under the present system of private land monopoly, a few have become possessed of land that the growth and development of the community has caused greatly to increase in value, and the few controlling such land have been permitted to appropriate all that increase in value produced by the industry of all the people. The people have been permitted to secure monopolies in the manufacture and sale of commodities and in the sale of service, and to pay the smallest wage for which they could secure labor, and to charge as great a price as the people could pay, and thus to appropriate more than a just profit. We should destroy the conditions that make it possible for a few to appropriate more than is justly theirs, rather than attempt to remedy the condition by taxing from them a part of the wealth thus acquired.

Fifth. No matter how much of commodities we may import, we must produce and export commodities of an equal value to settle the bills, or, in other words, to give in exchange. Therefore, the importation of commodities produced in foreign countries will not materially reduce the amount of labor required at home, for the amount of labor required to produce the commodities we must give in exchange is nearly equal to the amount of labor that would have been required to produce an equal value of the commodities imported.

The statement that every nation must produce and export commodities equal in value to the commodities imported, is not true. If the people had no credit in foreign markets, this would be true. The people of this country could import commodities vastly in excess of the value of commodities exported. Such balance would be settled either by wiping out debts owed in this country by people living in foreign countries, or by increasing our foreign indebtedness. It is as if one were to assert that no matter how much a tailor might consume he could not reduce his wealth, for he would have to produce clothes of a value equal to the value of all his purchases of woollens and food and luxuries. As long as he has money in the bank, he can buy without making a suit; and when his money is exhausted he can still buy without producing a garment as long as he has credit at the stores. It is only when his money is spent and his credit is exhausted that he must produce and sell clothes of a value equal to the value of all the things he buys—the materials he uses in his tailoring and the things that he consumes.

Sixth. The people of each country can produce certain commodities to better advantage than they can certain other commodities. The people of each country should produce those commodities that they can produce with the greatest economy in labor, and should exchange freely

such commodities with other countries for those commodities that they cannot produce without a greater expenditure of labor than is required for them to produce an equal value of the commodities they give in exchange.

As the unit of our social organization is the family, so the unit of the world organization is the nation. To improve the social conditions of a community we must improve the moral, intellectual, and economic conditions of its social units, the homes of its people. The advancement of the world to-day depends upon the integrity of the nations (by integrity I mean wholeness, entireness, unbrokenness) and the condition of their national spirit and national life. It would be as great a folly to try to advance the political, economic, industrial, social, and moral conditions of the whole world to-day by destroying national lines and national feeling, national spirit and national self-interest among the people as it would be to try to improve the social conditions of a village by destroying the homes, the home life, and the home ties of its people.

The complete development of a nation, the complete development of the national life of its people, cannot be attained without the full development of diversified agriculture, diversified manufacturing, domestic and foreign transportation, and domestic and foreign trade.

A nation whose people are engaged in only a limited number of pursuits will not make a strong nation, and its industrial organization will not be well balanced. Such a nation is at all times dependent upon other nations. A nation whose people are engaged exclusively in manufacture of certain kinds, that is dependent upon other nations for its raw materials for manufacture and for its food stuffs, is not as strong a nation as it would be if it had a population engaged in diversified pursuits, a population trained to perform all kinds of labor known to the world;

it is not as strong a nation as it would be if it produced its own raw materials and food stuffs and its people were independent of all other nations, secure within the confines of their country, without concern for their relations with other nations, sources of supply of materials, or foreign markets.

The wonderful development of the resources of this country, the wonderful advancement of its people, their wonderful intellectual and commercial attainments, would not have been possible if we were to-day, and had always been, a people engaged mainly in agriculture. Without this development of resources, without this intellectual and commercial advancement of the people, this nation would not stand where it does to-day upon the roll of nations, it would not command the respect of other nations that it now commands, nor would the people feel secure from the danger of unfair treatment by foreign powers.

When human self-interest shall have been destroyed and man shall deal fairly with his fellow without necessity of law, and nation shall deal fairly with nation without necessity of army and navy,—then the people of the world may be as one great nation, national lines may be wiped out, each nation may put its choicest products into the world's storehouse, and all take from it the things that they need. Then—

They shall beat their swords into plow-
shares, and their spears into pruning-
hooks: nation shall not lift up sword
against nation, neither shall they learn
war any more.

To carry out an extreme policy for the building up of a nation's industries to the end that they be complete, so that the people may produce everything that they consume, would, indeed, be a wasteful policy, for there are many commodities that, because of the incapacity of the people for certain kinds of work or because of climatic

conditions, the people of a nation are not well fitted to produce, but they can much better produce other commodities suited to their natural and industrial conditions and exchange such commodities for the things they need but are not fitted to produce. Between an extreme protective policy and free trade the people must find a safe middle-ground.

Seventh. In those countries where high wages are paid, labor is more productive and better machinery is used. Therefore, the worker in such a country need not fear competition with those countries where wages are much lower.

If we provide a means by which we can accurately determine the fair price of commodities produced at home and the cost of such commodities when bought abroad, and if we charge a duty only sufficient to make goods bought abroad cost the purchaser what the same goods would have cost him if he had bought goods produced at home and had bought them at a fair price,—then, if this contention be true, there would be no duty charged upon imports.

Eighth. A low tariff will reduce the cost of living. Under a free-trade policy the home producer must sell his goods in home markets in competition with foreign products. This would protect the people against the charge of an exorbitant or unjust profit by the home producer, and would reduce the cost of living of the people.

A low tariff will not affect the price of commodities so as to reduce the cost of living through the competition of foreign markets unless large quantities of foreign-made goods are imported and consumed by the people. The importation of each million dollars' worth of goods means the loss to the people of a vast sum in wages.

There is but one tariff policy compatible with the principles of Regulation.

Under Regulation the land board would fix land rents and the price of raw material; the wage board would fix the price of labor; the money board would fix the rate of interest; the profit board would fix the rate of profits. The determinations of these four boards would fix the price of all commodities produced in this country. Their determinations would fix the general price level and the value or purchasing power of the dollar. The prices of commodities would fluctuate as conditions would require, but the price of all commodities averaged would always remain the same—the price level would not change, the dollar would have a constant value. To exempt imported commodities from the operation of the determinations of the boards would make the successful operation of the remedy impossible.

Under Regulation the cost, including transportation, of all goods imported would be ascertained; the price the importer would have had to pay for the same goods if produced at home and bought upon home markets, as determined by the tariffs of the several boards, would be ascertained. If the cost of the goods imported would be found to be less than the price the importer would have had to pay for the same goods produced at home and bought upon home markets, then a duty equal to the difference would be charged, so that goods imported would cost the importer the same as goods produced at home and bought upon home markets.

CHAPTER XVIII

OTHER REMEDIES CONSIDERED

In the preceding eight chapters we have considered the eight politico-economic problems that confront the people at the present time. In these chapters we have analyzed these problems and become familiar with the causes that have created them. In the chapter preceding these eight chapters I have described a remedy that would cure each one of these conditions—would solve each one of these problems—and would, I believe, be acceptable to the people.

I have presented the remedy of Regulation before discussing the eight problems, in order that the reader might be familiar with its details while studying the problems, so that I might point out how it would cure each condition or solve each problem.

In this chapter we shall consider, very briefly, the six most important remedies that have heretofore been offered the people as a cure for the conditions or problems of the time.

Having analyzed the problems and become familiar with their causes, the reader should now be able to answer for himself the question, Have the people heretofore been offered a remedy for the problems of the time that is adequate, definite, and complete in detail; a remedy that is suited to the times and to the temper of the people; a remedy that the people would be willing and ready to accept if they were brought to understand?

If the reader finds that no such remedy has heretofore been offered the people, that they have never rejected an adequate and timely remedy,—then I trust

he will agree with me that the lack of progress in politico-economic matters during the past century has been due, not to an unwillingness on the part of the people to accept and apply such a remedy, but to the fact that no such remedy has been offered them; that when the people have found such a remedy they will be quick to recognize its merit; that they will not have to be forced to accept it, but that no power can prevent them from accepting it; that there can be no "class struggle," for when such a remedy is found it will not be of the nature of class legislation.

What are the functions that a remedy must perform in order to solve all the politico-economic problems confronting the people to-day?

It must provide a means by which the wealth of the country will be divided among the people in a ratio that is equitable, fair, and just—in a natural ratio. A remedy, in order that it be adequate, must perform this function, and it need do nothing else.

We may say, then, that there is but one problem before the people to-day, the problem of the distribution of wealth—the division of the wealth of the country between the people in a natural and just ratio.

The most important remedies for the politico-economic conditions or problems of the time that have heretofore been offered the people are: (1) tariff reform, (2) money reform, (3) anti-trust legislation, (4) special taxes (income tax, inheritance tax, corporation tax, etc.), (5) single tax, (6) socialism.

Could any change in our tariff schedules assure all the people a just distribution of wealth? A wise tariff policy is essential to the highest development of our national life and to the realization of the greatest degree of prosperity

for the people of the nation, but it cannot assure all the people a just distribution of wealth.

Could any improvement of our money system do this? A good money system is essential, and any remedy that will prove efficient will provide for a money system with a unit of constant value. But no change in our money system could assure all the people a just distribution of wealth.

Could the regulation of or the destruction of the trusts do this? No. No such remedy could assure all the people a just distribution of wealth.

Could the levy of special taxes, such as an income tax, an inheritance tax, or a corporation tax, do this? Could the regulation of or the destruction of the vast private fortunes of the day do this? No. Not though this wealth were distributed among all the people. Any remedy that will prove adequate will destroy the opportunity for a few to accumulate such fortunes as exist to-day. But simply to regulate or destroy the fortunes that a few have accumulated would not assure all the people a just distribution of wealth.

Would the single tax do this? Would the return of the title to the land to the people do this? It would destroy the burden that is now laid upon the people by those who monopolize the land and exact a heavy tribute from the workers of the country; but it would not assure all the people a just distribution of wealth.

Would socialism do this?

While socialists are not agreed upon the details of their remedy, the fullest and most complete socialist program would be one in which all the land and all the machinery of production and distribution of the country would be appropriated by the people and owned collectively by them, that is, by the Government, and all the

workers would become employees of the Government.

A few of those who call themselves socialists propose that all the people share alike in the wealth of the country; others that each man receive in proportion to the number of hours he has labored, without regard to the nature or efficiency of his work. However, it appears that those who advocate such divisions do not represent the majority of the socialists of the country to-day, and, as such proposals would never meet with the favor of any considerable part of the people, we need not here consider them.

Under a socialist régime we would still be a nation of people of many types, of varying degrees of ambition and capacity, of varying needs and requirements—teachers, doctors, artists, inventors, public officials, directors of great enterprises, farmers, mechanics, and common laborers; efficient workers and indolent workers; ambitious men and slovenly men; some desiring to work hard and efficiently that they might possess more of the comforts of life, others preferring to make little effort, content with receiving a share that would not nearly satisfy their more ambitious fellows.

The problem of the distribution of the wealth the people would create in a socialist state is not solved by socialism as the remedy is offered to the people to-day. This is the only problem that we need to solve, and the appropriation of all the property of the country would not make its solution easier.

Regulation offers a means by which all the people may secure a natural, just, and equitable distribution of wealth. It provides for nothing else. This is the only function a remedy need perform in order that it be wholly adequate to solve all the problems of the time.

ANNOUNCEMENT

The Regulation Yearbook will be published annually, the first number appearing in the early part of the year 1915. Each number will contain a brief account of the important events of the year in the industrial world, and comment upon same; a brief account of the important political events of the year, and a discussion of same; a brief account of other important occurrences of the year at home and abroad; a summary of the important industrial legislation enacted during the year in this and other countries; brief articles upon political, economic, and social subjects; and an account of the progress of the Regulation movement during the year.

We shall also publish, from time to time, a series of books upon the subject of Regulation and upon other timely political, economic, and social topics. "Regulation" is the first of this series, and the books that will follow it will be, like this book, brief, condensed, simple in style, adapted for the busy business man and for those who have devoted little time to the study of economic literature, yet so accurate in their analysis of politico-economic and social problems and so rational that they will be of interest to every economic student.

In creating a demand for these books we shall depend upon the personal efforts of intelligent local representatives, rather than upon extensive advertising. We hope, through our local representatives, to secure a personal interview with every intelligent man and woman in the country at least twice each year, and believe that we can accomplish more in this way than we could through any amount of advertising.

We want an intelligent, capable, responsible person, well recommended, permanently to represent us in each district, and to such can offer more independent and profitable employment and greater opportunities than are offered by most salaried positions.

We are engaged in an educational campaign against those who would, through corruption, render our political institutions inefficient and thus destroy them; and against those who, in ignorance of true economic principles, seek to establish a new social organization in which the one economic problem—that of the division of production—would be as vexing as it is now. The success of the work will largely depend upon the efficiency of our local representatives. **YOU CAN HELP** by assisting us in securing a desirable person to represent us in your community, and by telling your friends of the work in which we are engaged.

THE REGULATION PUBLISHING CO.

